

finweek

www.finweek.com

3 September 2015

10 WAYS TO **FIX** YOUR **FINANCES** IN FICKLE TIMES

WHY

DIVIDENDS
HELP YOU TO
INVEST BETTER

SHARE VIEWS ON:

- ASPEN
- GRINDROD
- AVENG
- LONMIN

SA'S

STEEL INDUSTRY
DOWN AND OUT?

MANAGEMENT:

STOP TRYING TO
PLEASE EVERYONE

SA: R27.50 (incl. VAT)
Other countries: R24.12 (excl. VAT)



9 771024 740005

CHINA'S BLACK MONDAY: LESSONS FOR INVESTORS



LA BALISE MARINA

BLACK RIVER • MAURITIUS

You will fall deeply in love
with Mauritius



Acquire a residence in the island's only residential marina and benefit from the privilege of living by the sea on the west coast of Mauritius.

Settle down in one of the trendiest resorts of Mauritius, where contemporary lifestyle blends with nature's splendour. Secure Mauritian Residency for your family and yourself and enjoy a safe lifestyle with a peaceful, multi-ethnic blend of cultures. An investment friendly regulatory regime invites you to become part of Mauritius' over 3 decades of sustained economic growth and success.

**THE ONLY RESIDENTIAL MARINA
IN MAURITIUS**

FREEHOLD VILLAS, DUPLEXES
& APARTMENTS

MAURITIAN RESIDENCE
PERMIT & TAX FACILITIES

AS FROM
\$768,000
ALL TAXES INCLUDED



T +230 406 9160 | contact@labalisemarina.com | www.labalisemarina.com

Inside



P14 China's Black Monday and global market turbulence



P37 Adii Pienaar's second win

- 4 **Feedback** An investor's most important chart
- 5 **Letter from Nigeria** Oil at \$40/barrel? You wouldn't really say
- 6 **In Brief** News nuggets
- 8 New app gives grain farmers an edge to hedge
- 10 **Cover** 10 ways to fix your finances
- 14 **In The News** China's Black Monday and global market turbulence
- 16 Is SA's steel industry a lost cause?
- 20 Curbing platinum output - too little, too late?
- 21 Clash of the titans: Eskom vs Glencore
- 22 It's all happening at Emira
- 23 **Spotlight** KTH eyes Africa
- 25 **Insight** The China-US battle to rule the world
- 28 Six ways to turn managers into coaches again
- 30 **House View** TOPSBT, Aspen Pharmacare
- 31 **Fund in Focus** Good performance and offshore exposure
- 32 **Invest DIY** Rating stocks on Return on Equity
- 33 **Killer Trade** Grindrod - calmer seas ahead?
- 34 **Simon's Stock Tips** Lonmin, Aveng, Grindrod, Truworths, Shoprite Holdings
- 35 **Pro Pick** A place for investors to hide
- 36 **Money** Why dividends help you to invest better
- 37 **Entrepreneur** Adii Pienaar's second win
- 40 **Life** Gareth Pon - Africa's Instagram virtuoso
- 42 **Technology** Diversification benefits Adapt IT
- 44 **Directors & Dividends** Dealings and payouts
- 45 **Life** Quiz, Crossword
- 46 **Piker** Funny business



P42 Diversification benefits Adapt IT

P10 10 WAYS TO FIX YOUR FINANCES

Cover story: Marcia Klein
Cover layout: Beku Mbotoli
Cover story layout: Zandri van Zyl

EDITORIAL EDITOR JANA MARAIS **DEPUTY EDITOR** ANNELI GROENEWALD **MANAGING EDITOR** RUWAYDAH HARRIS **JOURNALISTS AND CONTRIBUTORS** SIMON BROWN, MANDY DE WAAL, KEITH FERRAZZI, MOXIMA GAMA, CRAIG GRADIDGE, MARCIA KLEIN, GUGU LOURIE, SCHALK LOUW, DAVID MCKAY, SHOKS MZOLO, BUHLE NDWENI, LAMEEZ OMARJEE, JON PIENAAR, KEITH PILBEAM, CIARAN RYAN, JACO VISSER, GLENDA WILLIAMS **SUB-EDITORS** REHANN COETZEE, JANA JACOBS **OFFICE MANAGER** THATO MAROLEN **LAYOUT ARTISTS** BEKU MBOTOLI, TSHEBETSO DITABO, ZANDRI VAN ZYL **PUBLISHER** SANDRA LADAS **GENERAL MANAGER** DEV NAIDOO **ADVERTISING SALES NATIONAL SALES MANAGER** STEPHANIE PILLAY 011-877-6195/STEPHANIE.PILLAY@FINWEEK.CO.ZA **CIRCULATION SALES & SOLUTIONS CIRCULATION MANAGER** ARMAND KASSELMAN 021-443-9975

Published on behalf of Media24 by New Media Publishing (PTY) Ltd

Johannesburg Office: Ground floor, Media Park, 69 Kingsway Avenue, Auckland Park, 2092
Postal Address: PO Box 784698, Sandton, Johannesburg, 2146
Tel: +27 (0)11 713 9601

Head Office: New Media House, 19 Bree Street, Cape Town, 8001
Postal Address: PO Box 440, Green Point, Cape Town, 8051
Tel: +27 (0)21 417 1111 **Fax:** +27 (0)21 417 1112
Email: newmedia@newmediapub.co.za

Executive Directors
Group Commercial Director: John Psillos
Managing Director: Bridget McCarney
Non Executive Director: Irna van Zyl
Printed by Paarlmedia **and Distributed by** On The Dot

Website: www.finweek.com
 Overseas Subscribers: +27 21 405 1905/7

INQUIRIES		
SUBSCRIBERS 087 740 1019 subs@finweek.co.za	Fax 021 405 1031	SHOPS 0861-888-989 assistance@onthedot.co.za

Share your thoughts with us on Twitter (@Finweek) or find us on Facebook (facebook.com/Finweek)



FINWEEK SUBSCRIBES TO THE SOUTH AFRICAN PRESS CODE WHICH COMMITS US TO JOURNALISM THAT IS TRUE, ACCURATE, FAIR AND BALANCED. IF YOU THINK WE ARE NOT COMPLYING WITH THE CODE, CONTACT THE PRESS OMBUDSMAN AT 011-484-3612 OR ombudsman@presscouncil.org.za © FINWEEK 2011 ALL RIGHTS RESERVED. TO INQUIRE ABOUT PERMISSION TO REPRODUCE MATERIAL CALL OUR ARCHIVE AT 021-406-3232.



MEDIA24



Feedback

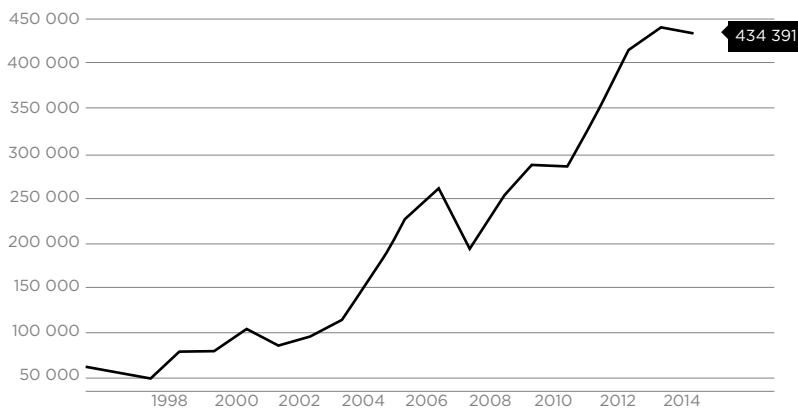
Contact *Finweek*, 69 Kingsway Avenue, Auckland Park, Johannesburg 2092, tel 011 713 9601 or editorial@finweek.co.za
Readers' views are edited and published at the discretion of *Finweek*. Views do not necessarily reflect those of the publisher.

AN INVESTOR'S MOST IMPORTANT CHART

This is an annual chart of the Top40, writes JustOneLap founder and *Finweek* contributor Simon Brown. Each data point is a single year. We see no daily noise or panic as we've witnessed over the past week. We see just a simple truth, markets go higher.

This chart confirms everything about long-term investing: it works. Buy the market and ignore the short-term noise.

When markets next go crazy, and they will, remember this.



SOURCE: Justonelap.com

MATTER OF FACT

In the article *Is it time to can performance reviews?*, published in our 13 August issue, we refer to the Corporate Leadership

Council. The company name is legally CEB, and should have been referred to as such. The Council is a membership within the company. *Finweek* regrets the error. ■

Double take

finweek





Oil at \$40/barrel? You wouldn't really say

I am out of Nigeria this week, travelling for business and for pleasure. It seems it doesn't matter whether I am chatting to family, friends or fund managers, the question is the same: "Ooh, Nigeria, things must be getting nasty with the oil price so low?"

Well, the answer is yes and no. When people talk about getting nasty, what do they mean? That crime is rising? That unions are protesting on the streets? That the poor get poorer and the rich don't get that much richer?

It's certainly true to say that the government isn't in a position to splash cash; President Buhari has been clear that he inherited a Treasury all but empty, despite the previous administration having enjoyed a period of historically high oil prices. That scant inheritance will tie his hands when it comes to big spending projects over the next few years, assuming oil fundamentals don't drastically improve or China growth doesn't get a serious kick up the backside.

At state level it's the same story: there was plenty cash coming in, but there was just as much going out. Being diplomatic, let's just say it wasn't always being spent on infrastructure or development.

But when I am walking around, do I see less money, do I feel people who always benefitted from high oil prices have fallen on hard times? Certainly not. If we use the number of super cars outside my local nightclub as a handy metric for the Nigerian elite's economic

IT'S EASIER TO BUY A MAGNUM OF CRISTAL THAN A LOAF OF BREAD, AND IN THE CHICHI BARS OF LAGOS THE BOTTLE POPPING CONTINUES AT ITS USUAL FRENZIED PACE.



easier to buy a magnum of Cristal than a loaf of bread, and in the chichi bars of Lagos the bottle popping continues at its usual frenzied pace.

It would be unfair to say that everyone sipping on champagne has had their hand in the till, but the insulation from the oil price shock is partly a result of the vast sums taken from the Nigerian state over the last few decades, and the number of people who saw fit to take a share. Again, look at the cars on Abuja's streets: it's not uncommon to see state designated

confidence (or at least confidence in their London or Geneva fund managers), you'd still think \$100 a barrel is the order of the day, not \$40. At my nearest Abuja supermarket at the moment, it's

number plates on vehicles worthy of a sheik or a movie star.

Perhaps this goes some way to explaining why Buhari is making his way through the Nigerian National Petroleum Corporation, cutting, chopping and changing. He knows that \$40-something oil doesn't allow room for lassitude or for the impunity witnessed during the Jonathan years. If ever the majority of Nigerians (though they may well have missed the boat) are going to benefit from their nation's vast reserves, it's going to demand far less champagne and far more discipline from the state.

So, ask me again in a year's time how the oil price drop is affecting life. I never want anything to get nasty for Nigeria (it's had more than its share), but perhaps by then we'll be seeing some change. Not at the bottom of the pile, because the oil wealth never made it that far, but perhaps at the top. ■

editorial@finweek.co.za

**BILLION-DOLLAR
START-UPS****131**

The number of privately held start-ups with valuations of at least \$1bn (R13bn), according to research firm CB Insights. In total, they're worth \$485bn and include well-known firms such as driver-hailing app Uber (valued at around \$51bn), accommodation booking site Airbnb (\$24bn) and aerospace manufacturer SpaceX (\$12bn), according to the report.

ADVTECH BOOMS**14%**

The increase in the interim dividend to 12.5c a share declared by private education group AdvTech, which owns private school brands Crawford College and Trinity House. The group, which shrugged off a takeover bid from rival Curro in July, reported strong numbers for the six months to end-June, with headline earnings per share up 26% at 25c.

ADCOCK EXITS INDIA**R745M**

Struggling pharmaceutical group Adcock Ingram will sell its loss-making Indian business Cosme Farma, which it bought for R745m in 2013, as it struggles to make inroads into the Indian market, the group said on 26 August. It has already written down the investment by R352.4m. Adcock, which showed an improved performance in SA for the year to end-June, also reported losses at its operations in Zimbabwe, Ghana and Kenya. Overall, the group reported headline earnings per share of 160.1c, compared with a loss of 100.8c in the year to end June 2014.

In Brief

**DROUGHT IN
ZIMBABWE****1.5M**

The number of Zimbabweans that will go hungry during the 2015/16 maize season as a severe drought is affecting its crop, according to the World Food Programme. Some analysts, however, expect that the number of food insecure would be over 2m, Reuters reported. Due to the drought, Zimbabwe expects a maize crop of only 742 000 tons, 53% down on the previous year, Reuters said.

The number of flight tickets sold at R1 each as part of FlySafair's birthday promotion. The low cost airline had to extend its birthday sale, which applied to all its flight routes, by a day after its website crashed due to high traffic volumes on the site. FlySafair offers flights to Johannesburg, Cape Town, Port Elizabeth, East London and Durban.



www.southafrica.to

SPLASH THE CASH**\$4.8M**

Boxer Floyd Mayweather, the highest-paid athlete in the world, paid \$4.8m (R63m) for a new supercar built by Swedish manufacturer Koenigsegg. Only three of the CCXR Trevita will be built. The car features an AMG-based twin-supercharged 4.8-litre V8 engine with 1 018 horsepower, can accelerate from 0km/h to 97 km/h in 2.8 seconds and achieves a top speed of nearly 410km/h.

THE GOOD

It may not feel like it, but SA's salary earners are financially better off this year, with take-home pay increasing by 8% over the past 12 months, comfortably beating inflation, according to the latest BankservAfrica Disposable Salary Index. Average take-home pay reached R13 000 in July for the first time, it found. In total, 46.1% of South Africans paid via the BankservAfrica payment system clear R10 000 a month or more.

THE UGLY

SA's real GDP contracted by 1.3% in the second quarter (compared with the first quarter), substantially worse than the 0.5% the market expected. Looking at the GDP numbers on a year-on-year basis, the economy grew 1.2% in the second quarter, but keep in mind that the 2014 numbers were hit by strikes in the platinum and metals and engineering sectors. One thing is for sure though: we will get nowhere near that very meagre 2% growth estimate for the full year.



"Roger was very big in the gold mining space in those early days. He was ballsy, aggressive and when I looked for support in the boardroom he backed me. He was a catalyst, an initiator. There was a lot to admire back then," Bernard Swanepoel, who was appointed CEO of Harmony Gold by Roger Kebble in the mid-1990s, told *Business Day* in an interview following news of Kebble's suicide on 25 August. "If he wasn't associated with Brett (Kebble's son, who committed massive fraud at JCI and Randgold and Exploration and died in an assisted suicide in 2005), Roger's legacy would have been a lot less tarnished."

THE BAD



Lucky Montana
Former Prasa CEO

Public protector Thuli Madonsela's long-awaited report into the wheelings and dealings at the Passenger Rail Agency of SA (Prasa) mostly told us what we expected: it's yet another parastatal paralysed by maladministration, corruption and fruitless and wasteful expenditure. Former CEO Lucky Montana is widely implicated in the improper awarding of tenders at Prasa amounting to nearly R3bn. Montana dismissed the findings and is threatening court action; Madonsela hopes to have a second report out in the next six months.

Gallo Images/City Press/Leon Sadiki

IT HAS BEEN SAID THAT TO FINISH FIRST,
FIRST YOU HAVE TO FINISH

FOORD

TO WIN IN THE
INVESTMENT GAME
YOU MUST
FIRST SURVIVE.

We used to think we managed money or investments. Managing risk is what we actually do. As we have come to realise the importance of risk, we spend more time managing it.

At Foord Asset Management we believe in investing for the long term. Our 30-year track record is proof that managing investment risk and compounding superior returns are key to the creation of exceptional wealth.

021 532 6988 | info@foord.co.za | www.foord.co.za

Foord Asset Management (Pty) Ltd is an authorised Financial Services Provider

New app gives grain farmers an edge to hedge

BY LAMEEZ OMARJEE

After working in the agricultural trading business as an option writer, Andries D'Alebout found that grain farmers had limited options when making hedging decisions as access to Safex market updates were delayed and limited. With a Master's degree in mathematics, D'Alebout used his skills and experience in grain trading to develop the Dalevest app, which is transforming market reporting in the industry.

Combining his love for mathematics and agriculture, former option writer Andries D'Alebout, created a mobile application to provide grain farmers with real-time Safex market updates.

A delay in communicating market data to farmers prompted D'Alebout, the “Zuckerberg” of agriculture service provider Dalevest, and his team of six to develop the application. Having grown up on a farm, he noticed how his father's decision-making was impacted by the limited market information available. “I started this without knowing if it would go anywhere besides helping my father a little bit,” D'Alebout told *Finweek*.

The free application is a first-ever for the industry in South Africa. It has grown through word-of-mouth and social media, boasting 2 500 users across the country since its launch at the beginning of the year.

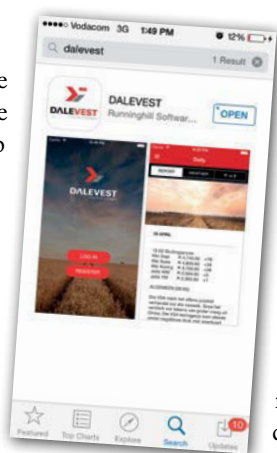
The application serves as an information hub that provides grain farmers with JSE prices for maize, soya beans, sunflower and wheat. Two daily reports are released at 8am and after 12pm. Graphs and information about commodities, with technical analysis, are also provided. A chat function is available for grain farmers to engage with each other, ask questions and share information, explains D'Alebout.

Dalevest also offers a grain trading platform. Farmers can send information about their grain to approximately 14 trading houses partnered with Dalevest. The farmer is then partnered up with the

trading house that offers the best price for their grain. “We are sort of a connection hub too,” says D'Alebout.

The market information is sourced from an in-house Reuters terminal, different companies in the US and the Chicago Board of Trade, says D'Alebout. A lot of the information is also supplied by local farmers, making the market more transparent and accessible for stakeholders.

Programming for the application started over a year ago, but the development process is continuous. Following the Facebook model, D'Alebout says updates on the app are introduced every month and a new feature, a profit monitoring tool, is being built. One of the recent technical issues was dealing with the large volumes of users, especially between 9am and 12pm when 1 500 users access the application to check prices, he says. It took a month's worth of programming to iron out.



Dalevest has received positive feedback from users so far. “The process by which they [farmers] make decisions has changed drastically,” says D'Alebout. Although many farmers aren't open to working with technology, D'Alebout says Dalevest's presence on social media has connected them directly with farmers already using technology.

The application is freely available for download from Apple's App Store and Google Play Store for Android. Currently, most of the revenue is generated from advertising, says D'Alebout. Businesses have approached Dalevest to partner and incorporate ideas and products with the application.

Dalevest will be hosting a Grain Farmer of the Year competition, which will be launched on 1 October. By incorporating the application, the farmer with the best yield and the Safex price the grain was hedged by will be awarded the winning prize of R500 000 in August 2016.

By making the market more transparent to farmers, D'Alebout plans for Dalevest to be the number-one information hub and communication channel for farmers.

“I started this company with the idea to help the farmers in South Africa ... we definitely want to be a big force in the South African agricultural market,” he says. ■

editorial@finweek.co.za





BLACK MONDAY TRIGGERS RULE 48

A TRADER ON the floor of the New York Stock Exchange (NYSE) on 25 August (above). In a historic move, the NYSE invoked Rule 48 for a second day in a row on the 25th, as it anticipated high market volatility following an 8.5% decrease in Chinese markets on what has been dubbed “China’s Black Monday”, CNBC reported. Put simply, Rule 48 speeds up the opening of the market by suspending the requirement that stock prices be announced at the market open, CNBC said. Under

normal trading conditions, those prices have to be approved by stock market floor managers before trading actually begins. Under Rule 48, stock trading can start without that approval, it reported. CNBC reported that, since the approval of Rule 48 in December 2007, and prior to the current turbulence in the market, it has only been used four times. The drop on 24 August in the Shanghai exchange was the biggest one-day decline since 2007. **(See story on page 14)**

TRILLIONS WIPED OFF

\$3TR

After three days of declines, nearly \$3tr in value was wiped from stock markets globally by the start of US trading on 25 August, according to nytimes.com. At the time of writing, global markets remained volatile, despite Chinese efforts to stem the fall in its markets by cutting its prime lending rate by 25 basis points to 4.6% on 25 August – it’s fifth interest rate cut since November. The JSE All Share Index was down only 2.3% for the week by afternoon trading on 26 August.



APPLE SHARES PLUMMET

13%

The decline in Apple’s share price at the opening of the NYSE on 24 August prompted CEO Tim Cook to comment on the company’s outlook for China, a major growth market for the technology firm. Cook, in an email to CNBC host Jim Cramer, said it continues to see strong growth in its business in China, despite the turmoil in Chinese stock markets. The share recovered to close the day 1.7% lower. Investors have been concerned about the slowing growth in China, which represents 17% of global GDP, and the implications thereof for the global economy. China has accounted for nearly 30% of global growth since 2010, *The Guardian* reported.

1 ways to spring- clean your **finances**

BY MARCIA KLEIN

It's that time of the year when your spending is about to increase. Holidays, gifts and a new year – which brings increases in your big ticket items – are a couple of months away. Make sure you are prepared and enter the holiday season and new year with a spring in your step.

Spring is here and with it comes much more entertainment, outings, holiday plans and gift purchases for Christmas.

But before you rush out to wine, dine and book tickets and accommodation, remember that most people spend more money between November and February than they do in other months.

Spending on Christmas, an annual holiday and higher-than-inflation January increases in education, medical and other fixed costs leave many people starting the new year cash-strapped. It can take months to recover, only to be faced with the same problems the following year.

Now is the time to spring-clean your finances and do something to ensure the cycle is not repeated.

1 KNOW WHAT YOU SPEND

Analysing your expenses may turn up some nasty surprises, particularly in technology and transport costs. You don't cover these expenses in a single payment and have probably lost track of the total cost.

If you add up separate spending on cellphones, data, ADSL and DSTv you may be shocked at the total monthly expense.

Similarly, if you add up car repayments, services, fuel, insurance, flights and ordering the odd Uber, you may find that transport costs are way higher than you think.

The biggest spring-clean you can do is to get a handle on your budget and expenses, says Ian Beere, managing director of financial planning company Netto Invest. Get your bank statements for the last three months and look carefully at where you have spent money, where you have

wasted money and where you can change your spending habits. If you are paying for something you hardly use, give it up; if you can consolidate some payments, make the change.

2 MAKE A SEASONAL BUDGET

Work out a seasonal budget from November to the end of January – including festive season spending on gifts, entertainment and holidays – and school uniforms and books. Work out what your new financial commitments will be in the new year, including increases in education, medical costs and insurance premiums.

Christelle Louw, advice partner at Citadel Investment Services, says planning is key. Draw up a list of expenses that are out of the ordinary – not your normal household expenses, she says. These include registration fees for school, new uniforms, Christmas dinners, gifts and holiday expenses, she says.

The list should also include items such as stationery, staff bonuses and insurance increases. Prioritise what is important. Certain things can be changed, while others

are not negotiable. Spending on textbooks, for example, is probably not something you can change but Christmas dinners or holidays can be planned on a stricter budget. Think carefully before making a resolution to get fit and taking out a gym contract you will hardly use. You may find you are paying an annual premium for insurance cover and can change it to a monthly premium or move it to another month where your financial stress is less. These are things you can plan now to make January easier on your pocket.

Louw says there are also things some people can do to earn more money over these months because the businesses they work for are busier at this time of year. "A lot of people have the opportunity to earn more if they work more or have longer hours, or if they are commission-based – this is the season to do it."

Louw says most people, however, have limited capacity for spending and it is important to be prepared and to cut down where possible. You have to go into the season knowing it might be tighter than the year before and listing the big ticket items that will hit you will enable you to make decisions now.

Because many people get paid early in December and spend more than usual over Christmas, January is the longest month financially and they are then back in the cycle of taking out loans or spending the year on the back foot, according to Gary Kayle, coach at The Money School.

As the weather improves, people start going out and you need to make deliberate decisions about how much money you are going to spend so you don't have a sinking feeling when you see your credit card balance, he says.



Ian Beere
Managing
director of
Netto Invest



>>

3 CHECK YOUR INSURANCE

Have a look at insurance policies and how much cover you have. "Maybe things have changed and you need more or less. Events can trigger the need to change. For example, you may have accessed your bond so you have more debt, or you got a promotion, have a bigger education commitment, or you could have inherited money, which could decrease your cover," says Beere. Ask yourself if the cover is still appropriate in your current circumstances.

Check your life insurance and make sure you aren't over- or under-insured. Beere says you may not have looked at it for years and it may no longer be suitable and may require changes.

4 PUT YOUR SAVINGS IN THE RIGHT PLACE

Check how much you are saving and whether you can afford to make the purchases you are planning. Once you have done

that, check that your savings are being put to work to make more money.

Beere says it is important to decide if your savings are going to the right place right now and, if not, you may want to increase certain areas of investments and reduce others. Whatever the circumstance, diversity is key.

Many people assume their pension fund is fully invested in shares, so they stay away from equity investments, but it is important to look at where your pension is actually invested and include it in your overall diversification plan. Beere says pension funds invest in shares, bonds, property and cash in South Africa and overseas, so you need to tally that up with your own savings and see where you stand. If you have money in unit trusts you may assume it is all invested in the stock market, but there are cash and share unit trusts.

But don't overdo it. While diversified investments are

important, you can also spread your risk to the extent that your investments are so fragmented and numerous that you find it difficult to control.

Beere says that at the moment, investors should be leaning towards overseas shares rather than local shares – as much as 50% of your shares should be in overseas shares. If you are young and trying to build your wealth, you may want to have a large portion of your savings in shares. But if you are older you may want to play it safe and have more cash in your portfolio, says Beere.

Also make sure you are using tax-efficient investments where appropriate.

6 CHECK YOUR WASTE

Each person has different spending priorities, so there are no rules on what you should or shouldn't spend your money on. But make sure your spending is in line with your priorities and that you are not overspending on something just because your priorities include something luxurious you can't really afford.

You may love having a nice car, but cars are a big expense. Beere says you should consider buying a one-year-old vehicle. Ask the dealer what the car's worth is every January and understand you are spending 30% of that on insurance, depreciation and other costs.

7 DO SOMETHING ABOUT THE BIG TICKET ITEMS

► MEDICAL:

At the end of the year you are entitled to look at your medical aid plan and change it. Look at the pricing for next year and give it some thought, Beere says. If one family member is sickly you could put that member on their own plan and others on minimum cover.

5 IN CASE OF EMERGENCY

Keep the following information in a single secure file and let at least one trusted family member, partner or friend know how to get access to it in case of an emergency.

- Bank accounts, including account numbers, logins, passwords and a recent bank statement
- Medical aid details including name, number and plan
- A list of monthly bills and debit orders
- Information on your bond, including the name of the institution that holds it and the amount owed
- A list of debts, amounts and who they are owed to
- The latest documents on your retirement fund and beneficiaries
- A list of your investments in shares and unit trusts including, if appropriate, the institution that is managing them, and a recent statement
- Information on short-term insurance policies and details on policy numbers and what assets are covered
- Life policy details including institution, policy number and beneficiaries
- A copy of your will and contact details of the executor
- Information on your car including registration and loan details
- Documents proving ownership of all of your major assets and investments
- Directions to and keys for your safety deposit box

If you use a lot of your medical aid, you can look at taking out gap cover to cover the difference between what the medical aid pays and what it actually costs.

► EDUCATION:

Unless you have been cleverly preparing for education costs since the day your children were born, there is not much you can do about education costs other than to decide if you can afford the best private school or the most prestigious university and make the tough decisions accordingly.

► TECHNOLOGY:

The costs of technology have crept up on us over the years. Sit down and have a technology review of your DSTV, internet connections and cellphone contracts and look for ways to consolidate your spending. There has been a change in how people use cellphones, Beere says, and it is worth looking at the costing of prepaid, contracts, data and calls. You may decide it is worth it to buy a phone for cash and only change the phone when it becomes useless. Free phones on contract are not really free. You may not be watching DSTV much and find it is cheaper to download what you want to watch.

► INSURANCE:

Check that your policies are appropriate right now and check the value of the items insured and whether your car has been insured at the current value.

8 MAKE SURE YOU DON'T LEAVE A FINANCIAL MESS

Read your will and if you are not sure it is still valid, get a financial planner to look at it. Make sure beneficiaries – of your will and life insurance – are all appointed

and documented. If you have a financial planner, these will be on file, but if not, make sure you have a summary of what you own and who the beneficiaries are.

Make a secure file of all of your financial assets and include copies of recent statements of your bank, pension fund, short-term insurance, share accounts, unit trusts, vehicle documents and bond information.

9 TALK ABOUT MONEY

Many couples only talk about money when it is running out, says Kayle. Now is a good time to look at the year ahead and help one another make good decisions. It is also important to know what you have collectively; otherwise one person may be spending while thinking the other has saved.

Talk to a financial advisor so that you can turn your spring-clean into a long-term plan.

10 SPRING IS JUST A SEASON

Once you have done the spring-clean, you should be in a good position to know exactly where you stand financially. This puts you in a perfect position to take the information you have and work out your longer-term financial requirements and goals. Get rid of paperwork and make sure your statements are being emailed or that you have online access, so they are easy to track and file and are easy to submit for tax.

Create a financial calendar so that you know which big expenses – or bonuses – are coming and when. And before you get full of Christmas cheer, take stock and know exactly what position you are in without assuming things will change, or that next year will be better. ■

editorial@finweek.co.za

BUDGETING TOOLS

A number of handy spreadsheets and budgeting tools are available online to help you budget, keep track of your spending and save. Here are some of the *Finweek* team's favourites:

Old Mutual offers free investment, retirement, education and savings calculators, designed to ensure you pick the right investments for your goals, and to make sure you save enough. It also includes a handy budget template. The tools can be downloaded here: <https://www.oldmutual.co.za/personal/financial-planning/tools-and-calculators>

Their **22Seven** app, which is also designed to help you manage your money, is available as a free download on iOS and Android phones.

MoolaMate is a locally designed app to help you keep track of your day-to-day spending. A finalist in the 2015 MTN Business App of the Year Awards, it allows you to insert expenses directly into budget categories that you create, immediately showing how much money you have left for the rest of the month. It also includes a payday countdown timer.

Debt Tracker is a popular free app that allows you to track and manage your debts, account numbers and payments. It sorts debt by name and size, keeps track of who owes you money, tracks payments, penalties and interest fees, and can also be used to track savings.

To make it easier to keep track of expenses, **Smart Receipts** allows you to track your spending, scan receipts and create PDF reports. This free app is particularly handy if you need to claim expenses from work.

China's Black Monday and global market turbulence

BY KEITH PILBEAM

Stock markets all over the world followed China's lead on 24 August, plunging into the red and wiping hundreds of billions of dollars off of share values. But, while it's tempting to lay the blame entirely at China's door, a look at the global economy and markets shows Western markets have been overvalued and were due a correction.

Equities are risky assets and do not go up forever in straight lines, so corrections can be fast and furious at times. This acts as a useful reminder to investors that stocks are risky assets.

Stock markets in recent years have benefitted from market-friendly monetary policies. There have been three rounds of quantitative easing from the Federal Reserve, the Bank of Japan and more recently the European Central Bank. For some time there have been concerns about the outrageous valuation of shares of certain US companies, including Facebook, Twitter, Tesla, GoPro, Netflix and Amazon. Both short-term and long-term interest rates globally have been artificially low for record periods. This unusual era of money printing and low interest rates has boosted asset prices – not just stocks, but also property prices in major towns and cities around the globe.

More interestingly, until this correction, the current bull market has been extremely unusual in that it has been one of the longest ever periods recorded (48 months) without a 10% correction in the S&P 500 index. The blue candles in graph 1 show the index being up for the month; red candles represent it down for the month. The previous longest periods were October 1990 – October 1997 (84 months) and March 2003 – October 2007 (54 months). The large red candle at the end represents the most recent drop.

Another sign that US stocks had

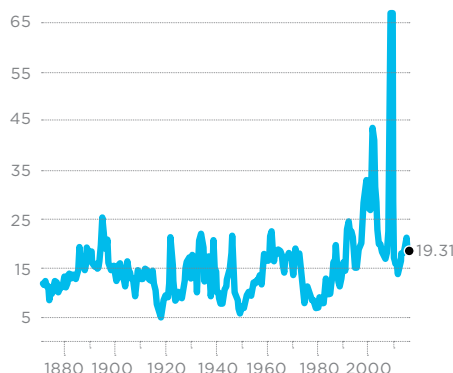


Gallo/Getty Images/AFP

GRAPH 1: MONTHLY MOVEMENTS IN THE S&P 500 INDEX FROM FEBRUARY 2009



GRAPH 2: PRICE-TO-EARNINGS RATIO ON THE S&P 500



become overvalued was the fact that the price-to-earnings ratio (P/E), which measures a company's current share price relative to its earnings per share, was approaching 19 to 20 times earnings – historically it averages 16 (see graph 2).

If we were to use Robert Shiller's 10-year cyclically adjusted ratio, the market is even more overvalued at 24 times 10-year average earnings (see graph 3), typically the long-term average is 15. By giving a long-term average of earnings, the Shiller ratio better reflects a firm's long-term earning power.

Prospective 10-year annual returns were likely to be in the region of just 1%-3%, which is too low to compensate investors for holding risky assets. The recent fall in US and other stock markets will help improve future prospective US stock returns to a low, but more healthy, 3%-5% range.

WHAT ABOUT CHINA?

The current sell-off is probably related to events in China – there, the stock market clearly entered bubble territory some months ago. Chinese stocks were rising despite the economy clearly slowing and it was selling at P/E ratios that made no economic sense even if you believed in a 7% growth story.

The Chinese economy is in much greater difficulty than the Chinese government has been prepared to admit to date. That is why recent devaluations of the renminbi have been a catalyst for

the recent global stock market correction. It is an admission by the Chinese that their economy is in serious trouble and represents an attempt to boost the economy through an increase in exports at the expense of some of their competitors.

The Chinese economy is the second-biggest economy in the world after the US, so trouble there also spells trouble for the global economy. The attempts by the Chinese government to prop up their stock market were doomed to fail and in recent days this has become very clear.

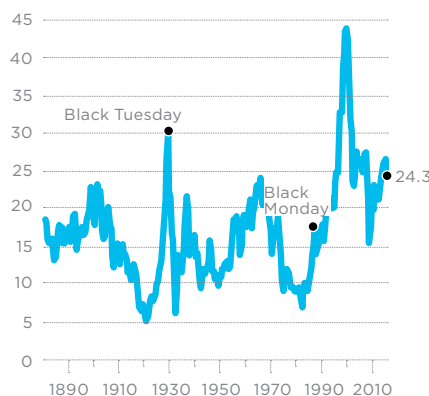
US FED

Another reason for the global stock market sell-off is that the US Federal Reserve has been getting closer to raising interest rates from their artificially low target range of 0%–0.25%. Some market participants are clearly trying to get out of the market before any rise, which is now unlikely to happen in September.

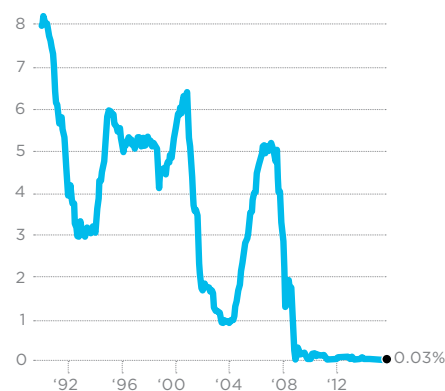
The low interest rates (see graph 4) have led to US companies issuing record amounts of debt, not so much to finance future growth but to buy back their own shares to artificially raise their earnings per share. This can work in the short run, but not in the long run.

Raising the leverage (debt-to-equity ratio) of US stocks increases their riskiness and therefore their potential for volatility. This is precisely what we are now witnessing.

GRAPH 3: 10-YEAR AVERAGE PRICE EARNINGS RATIO ON THE S&P 500



GRAPH 4: THREE-MONTH US TREASURY BILL INTEREST RATES



The obvious question is what the recent turbulence implies for investors and companies. Should they stay put, or be worried that we are facing a similar crisis to the 2007/08 crash? The good news is that US stocks are nowhere near as overvalued as in 2001 and 2007, although they should be wary of some of the most obscenely overvalued stocks mentioned earlier.

The Chinese stock market remains overvalued (still some 60 times their earning value) and the economy is in deep trouble. Even US stocks are still highly valued using the Shiller measure. This means global stocks will remain under pressure.

The turbulence we have witnessed is likely to continue, but rallies both ways tend to happen very quickly. Interest rates remain extremely low and will act as a future drag on the market as and when they rise. Companies should also be concerned about a wider slowdown in the global economy hitting their earnings, as China is now the world's second largest importer of commodities, goods and services. ■

editorial@finweek.co.za

Pilbeam is a professor of economics at City University London. This article was first published by The Conversation Africa and can be accessed at <https://theconversation.com/africa>.

THE CONVERSATION

Is SA's steel industry a lost cause?

BY CIARAN RYAN

With the local steel industry hanging by a thread, and failing to make profits, analysts say it might be on its way to becoming irrelevant to the economy. Some are calling for import duties on steel. But others say any move to turn things around might only offer a temporary solution.

South Africa's steel output has fallen 20% since 2007, while China's output has increased by a staggering 68% (see Table 1). Over the same period, SA's share of global steel output has fallen from 0.7% to 0.44%.

Simultaneously, the manufacturing sector is 29% larger today than 10 years ago and 66% larger than 20 years ago, according to the South African Reserve Bank. However, its share of the economy has fallen from 20% in 1983 to 16% in 2013.

What these figures show is that SA is disappearing into irrelevance as a global steel producer. Ditto the manufacturing sector. This could ring in the end of SA's industrial age.

Indeed, according to Free Market Foundation economist Loane Sharpe, both the steel and metals industry, considered by government to be the backbone of its industrial policy, are on their knees and may never make a full recovery.

In fact, they're destined to go the way of SA's now-defunct television and electronics industries, which folded 20 years ago when SA opened its borders to foreign competition, leading to lower prices and better value for consumers. A report

by the Steel and Engineering Industries Federation of SA (Seifsa) says the metals and engineering sector contracted 2% in 2014, a situation that was expected to

continue in 2015. Production levels are now 25% to 30% lower than at their peak in 2007. "There is more uncertainty about current and prospective economic growth

TABLE 1:

Crude Steel Production			(000s tons)					% change in volumes '07 - '14	
	2007	2008	2009	2010	2011	2012	2013	2014	
SA	9 098	8 246	7 484	7 617	6 650	7 119	7 253	7 210	-20.75%
% of global production	0.69%	0.63%	0.62%	0.54%	0.45%	0.47%	0.45%	0.44%	
Global	1 324 2017	1 319 069	1 216 568	1 405 421	1 490 060	1 510 012	1 618 488	1 636 960	23.62%
China	489 712	512 339	577 070	637 400	683 265	708 784	815 361	822 700	68.00%
% of global production	36.98%	38.84%	47.43%	45.35%	45.85%	46.94%	50.38%	50.26%	

CHINA'S STEROID-FUELLED PHYSIQUE

According to a May 2015 study by International Trade Solutions, the Chinese steel industry enjoys massive benefits over its international competitors. Subsidies accounted for 80% of the profits of Chinese steel enterprises in 2014, compared with 47% in 2013.

These subsidies took the form of preferential loans and direct credit through state-owned commercial or policy banks; equity infusion and debt-to-equity swaps; low cost electricity and raw materials; export credit insurance reimbursements; refund of real estate land-

use taxes in certain areas; and direct transfers of government funds to steel producers in the form of cash grants.

SA would be in lock-step with other countries should it impose tariffs on imported steel. This would save jobs, but would be inflationary for downstream consumers, who will then likely join the protectionist queue lining up outside the department of trade and industry. This will ruffle feathers with our new best friend, China, which could take counter-measures of its own.

WHERE HAVE THE JOBS GONE?

A massive 432 901 manufacturing jobs and 7 978 metals and engineering jobs were lost in President Jacob Zuma's first term in office, Kaizer Nyatumba, Seifsa's CEO, says in a recent report to members. "Regrettably, the bleeding continues as more companies downsize this year or face the prospects of going out of business altogether."

Manufacturing exports represent an estimated 35% of the sector's total production, while imports have captured nearly 45% of the domestic market. On the other hand, the metals and engineering sector exports 60% of its products and competes with imports for 60% of the domestic market.

These statistics suggest that if nothing is done to arrest the situation, manufacturing will continue to decline in South Africa and the southern African region in the years to come.



Gallo Images/iStock

in the world economy than a year ago," according to Henk Langenhoven, Seifsa chief economist.

"As a result, demand grew slower and SA exports generally seemed to have lost market share in international markets during the upheaval in the aftermath of the financial crisis."

What's killing the steel industry – apart from an incoherent industrial policy, low investment in infrastructure and electricity supply disruptions – are unrealistic wage demands, according to Sharp: "There may be a partial recovery as commodity prices pick up, but these sectors are now becoming irrelevant to the broader economy. To put this in perspective, we need a quadrupling in global steel prices from where they are now for local steel producers to make a profit. That's just not realistic."

While this is by no means a universal view, there is a perceptible mood of panic in boardrooms of SA's



Mario Longhi
CEO of US Steel

There are no easy solutions here. All of them have downside risks, not the least of which is to raise the cost of building and construction and potentially kill some large-scale projects where steel is a major cost component. The private sector has already scaled back on SA-based investment, preferring to put its money into projects outside the country. Private sector domestic investment is largely confined to maintenance.

The message is clear: SA has become too risky a country to commit large amounts of capital to new projects. And that's a problem of government.

steel makers, who want government to impose import duties of 10% on certain imported products (see sidebar on page 19). The US, India and Europe have all imposed anti-dumping duties on certain grades of stainless steel from China, so SA would be in good company.

In an interview with consulting firm McKinsey, CEO of US Steel Mario Longhi says steel makers have been asleep at the wheel while alternative materials have eaten into its market, particularly in the automotive industry.

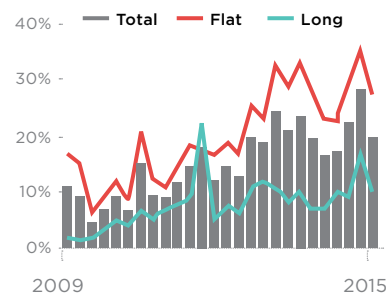
The steel industry now has to play catch-up and find new applications for its products. This will require a technological leap in areas such as coatings. A South Korean firm recently developed a new form of steel as hard and light as titanium, but less costly to produce. Those with a technological edge are most likely to survive the global bloodbath.

According to the World Steel Association, steel imports are now reckoned at 1.6m tons a year, equivalent to 22% of SA's 7.2m tons of annual crude steel production.

These imports are trampling not just SA's domestic market, but its regional export markets too. While Chinese imports to SA increased 42% in the first half of 2015 compared to the same period in 2014, they are up 23% to the sub-Saharan region as a whole over the same period.

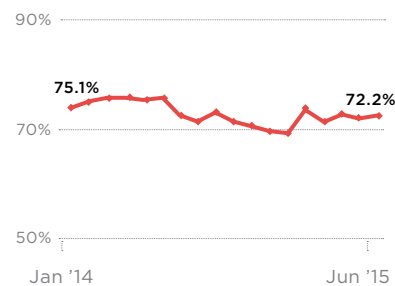
Steel industry executives are clear on what needs to be done to fix the problem: raise tariffs, boost economic growth (particularly construction) and force parastatals to purchase locally-made steel. None of this is likely to solve the problem

SA STEEL IMPORTS AS % OF APPARENT CONSUMPTION



SOURCE: SAIISI actuals up to 2008, thereafter AMSA estimates

WORLD STEEL CAPACITY UTILISATION RATIO



SOURCE: Worldsteel

in the long term. Only a thriving economy will do that, and there is little prospect of that happening any time soon.

As *Finweek* recently reported, government is less than enthusiastic about bailing out local steel companies when it is busy mulling its own steel plant in partnership with the Industrial Development Corporation (IDC) and Hebei Steel. This facility will not need tariff protection as it may be supported by developmental pricing of iron ore »

Paul O'Flaherty
CEO of ArcelorMittal SA



and coal through proposed changes to the Minerals and Petroleum Resources Development Act.

Industry and union leaders are in intense talks with government over measures required to rescue the sector. According to the National Union of Metalworkers of South Africa (Numsa), the troubles ailing the steel industry threaten 75% of working class and poor households in the Vaal and Newcastle areas, which depend on the steel industry for their livelihoods.

ArcelorMittal SA's (Amsa) financial report for the half-year to June 2015 paints a bleak picture. While SA's apparent steel consumption increased by 6% in the latest six month reporting period over the same period in 2014, all of this growth was satisfied from imports, mostly Chinese. However, most of this increased consumption ended up in inventory, as real consumption declined by 2%.

Inventory build-up in SA is reckoned to be between seven and 11 weeks for various steel products, forcing producers to drop prices in order to offload excess stock.

Chinese steel exports to SA increased by 42% over the same period, and its share of the SA steel import market is now at 65%, up from 39% in 2013. Amsa has not made a profit in five years, while Evraz Highveld has not reported a profit from continuing operations since 2010. Scaw Metals, of which the IDC owns 74%, reported losses in each of the last three years.

Hannes van der Walt, CEO of Macsteel, says this is the worst crisis facing the steel industry in 30 years. "None of the major producers are making money in this environment," he says. "We need steel mills if we want to continue being an industrial economy, and unfortunately there is no quick fix for the industry. If government decides to go with the increase in import tariffs, it will also have to offer protection for downstream manufacturing industries. The problem with tariffs is you have to

BOTH THE STEEL AND METALS INDUSTRY, CONSIDERED BY GOVERNMENT TO BE THE BACKBONE OF ITS INDUSTRIAL POLICY, ARE ON THEIR KNEES AND MAY NEVER MAKE A FULL RECOVERY.

be careful not to distort interdependent market balances and government will be reluctant to upset relationships with China."

Barend Petersen, chairman of Evraz Highveld, now in business rescue, says the industry situation remains dire, though government is fully aware of the severity of the situation and the impact it could have on jobs. "We need a structural realignment of the industry so that we can become globally competitive. Any intervention by the state at this point would provide a temporary solution. In the longer term we need a fresh look at the available technologies and how to implement them, and a greater sense of collaboration between management, labour and government."

TOP STEEL-PRODUCING COMPANIES 2014 (million tons)

RANK	COMPANY	VOLUME	RANK	COMPANY	VOLUME
1.	ArcelorMittal	98.09	6.	Shangang Group	35.33
2.	Nippon Steel & Sumitomo Metal Corporation	49.30	7.	Asteel Group	34.35
3.	Hebei Group	47.09	8.	Wuhan Steel Group	33.05
4.	Baosteel Group	43.35	9.	JFE	31.41
5.	POSCO	41.43	10.	Shougang Group	30.78

SOURCE: Worldsteel

TOP 20 STEEL-PRODUCING COUNTRIES 2014 (million tonnes)



SOURCE: Worldsteel

HOW OTHER COUNTRIES PROTECT THEIR STEEL PRODUCERS

Chinese exporters have been successful in capturing a substantial share of the local market by offering 180 day payment terms. Local customers are turning to Chinese suppliers due to unreliable local supply and the better payment terms, according to Amsa.

New BEE legislation changes have also contributed to the swing to imported steel. Another factor favouring imports is a tariff structure increasingly out of step with other countries. Turkey, for example, imposes tariffs of 30%-40% on primary steel imports, while Brazil charges 12%-25%, India 8%-10%, China 3%-7% and Australia 5%. Most countries levy tariffs of 10%-20% on wire products.

SA imposes no tariffs on primary products, and only limited duties on certain speciality-finished products, such as nuts and bolts. ■

editorial@finweek.co.za

METAL MAGNATES FEEL THE PINCH

Metals Consulting International lists no less than 32 Russian oligarchs who made their money mainly in steel and metals. Russian oligarch or not, even fortunes made of steel can be, and have been, dented over the past months.

1 Name: Lakshmi Mittal
Company:

ArcelorMittal (biggest shareholder)

Net worth*:
\$12.1bn

Decline (year-to-date):
\$1.9bn (-13.8%)

ArcelorMittal eked out a small profit of \$22m (R281m) in the third quarter of last year, its first since 2012, according to Forbes, but ended up reporting a net loss of \$1.1bn (R14.08bn) in 2014, thanks partly to a \$621m (R7.9bn) write-down of its Chinese steelmaker China Oriental. The company pared its debt to \$15.8bn (R202.2bn), by selling off such assets as a US steel plant that it owned with Brazil's Gerdau to Nucor.



2 Name: Roman Abramovich
Net worth:
\$11.8bn
Decline (year-to-date):
\$947.8m (-7.4%)

Amongst other things, Abramovich is a shareholder in Evraz, the Russian steel and vanadium giant with interests across Russia, Europe and North America. In 2007, Evraz purchased control of Highveld Steel and Vanadium, which is now in business rescue. The decline in his fortune caused him to slip to 137th from 71st in the Forbes ranking of the world's richest people. Abramovich's partners in Evraz include billionaires Alexander Frolov and Alexander Abramov.



3 Name: Alexei Mordashov
Net Worth:
\$13.2bn
Increase (year-to-date):
\$1.6bn (+13.2%)

He's the majority shareholder and CEO of Severstal, Russia's second-largest steel group. Like most Russian oligarchs, he is close to President Vladimir Putin, and recently divested his company of various US assets in response to political pressure and US sanctions against Russia.



4 Name: Vladimir Lisin
Net worth:
\$11.4bn
Increase (year to date):
\$447.1m (+5.4%)

In 2000 he acquired a majority interest in the giant Novolipetsk steel mill, now the biggest steel producer in Russia. He also controls Universal Cargo Logistics Holding, which owns railway operator First Cargo.



5 Name: Wang Wenjin
Company:

Amer International Group (Chairman)

Current net worth:

\$9.8bn

Increase (year-to-date):
\$969.5m (+11.8%)

China's metals billionaire Wang Wenjin is worth \$9.8bn. The Chinese stock market crash is reckoned to have shaved close to \$200bn (R2.5tr) off the total net worth of China's billionaires in recent weeks.



6 Name: Gina Rinehart
Net worth: \$11.3bn

Decline (year to date):
\$2.4bn (-17.8%)

The queen of the global iron-ore trade controls Hancock Prospecting, which has added oil and gas to its portfolio. While not exactly a steel billionaire, her company's products are crucial to the global steel industry.



*Figures according to Bloomberg and Forbes

STEEL PROTECTION

Business and labour leaders met with government on 21 August to discuss the challenges faced by the local steel and iron ore sectors and to look at ways to boost local business and protect jobs.

According to the department of trade and industry (DTI), the International Trade Administration Commission (Itac) has finalised an application for import duties on three steel products, which will be submitted to government for final approval "shortly". New applications have been received and are being considered on an expedited basis, the DTI said.

To date, no anti-dumping applications have been received from industry, the DTI said. This is expected within the next four weeks. Other issues that will be addressed include tightening regulations to address the surge in the export of scrap metal and better use of the training layoff scheme introduced during the economic downturn of 2009, the DTI said.

In addition, the Industrial Development Corporation (IDC) has made a R150m funding facility available to Evraz Highveld Steel and Vanadium.

Curbing platinum output - too little, too late?

BY DAVID MCKAY

The outlook for the platinum group metal (PGM) market still looks decidedly cloudy, although there are some signs that SA production may be curtailed by next year – a belated response to poor demand and high inventories.

According to a report by the World Platinum Investment Council (WIPC), an organisation created to promote platinum usage and improve market transparency, capital tightness among producers could see output fall by some 600 000 ounces by 2016.

“Platinum production from SA declined by over 500 000oz/year, or 11%, from 2008 to 2013,” said Trevor Raymond, director of research at WIPC. “Over the same period annual capital investment declined by more than 40% to R17bn a year in the sector,” he said.

Capital investment in 2014 was R13bn and published capital investment for 2015 is R11bn. “Using the rate of capital expenditure alone as an indicator of likely future output, refined platinum output from SA will fall by an estimated 16% below the 2015 level in 2016,” he added.

There is some agreement that output cuts are finally beginning to take shape.

“Producers have begun to cut production, cost and capex and to defer projects,” said Christopher Nicholson, analyst at RMB Morgan Stanley. “We estimate about 300 000 to 700 000 platinum ounces are at risk over the next 12 to 24 months,” he added. SA’s production base is about 4.2m platinum ounces.

An example was the recent decision of Royal Bafokeng Platinum (RBPlat) to delay capital spending on its Styldrift project which was to add 300 000 ounces to its output – a doubling – until the market had revived. It is one of the first platinum companies to suggest that the current slump in the PGM market may extend well beyond 2015.

Said Andrew Byrne, an analyst for Barclays Capital: “While these (RBPlat) announcements have limited impact on platinum production expectations for 2015-2017, it does mean that the medium-term supply-demand dynamics of platinum are tightening, with these decisions likely to see about 400 000 ounces (5% of global supply) of production removed from forecasts.”

What’s interesting, however, is that while demand may be tapering over the next two years, the balancing side of the equation – the health of platinum supply – remains equally, if not more, difficult to predict.

Commenting on supply cuts, Nicholson said that they may not be enough to tighten the market in the medium term. There is uncertainty about the extent and duration of the downturn in auto and jewellery demand for platinum in the European market, while there is also the danger of “broader secular concerns” (not cyclical but permanent) in

European diesel demand for autocatalysts, especially as there’s a move towards sourcing alternative technology.

Added to this is the question of the amount of above ground stocks of platinum, thought at the last count to total about 2.6m ounces. Steve Phiri, CEO of RBPlat, commented at his firm’s recent interim results presentation that stocks were “ticking up again.”

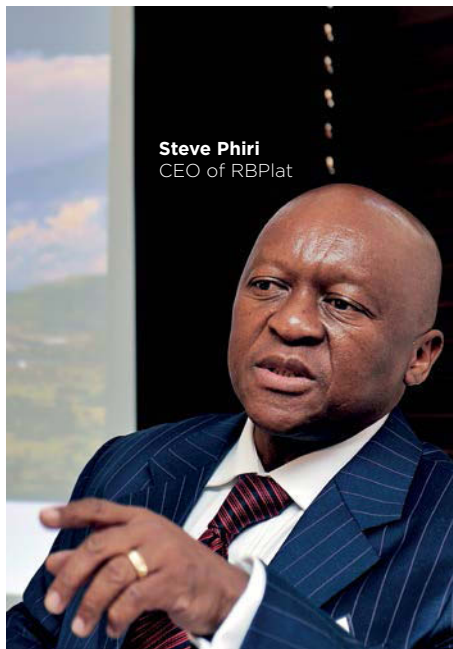
It should be no great surprise that the remainder of 2015 and 2016 should prove one opacity after another for the PGM market; after all, this has been the case for the previous three years with major supply and demand shocks in each of 2012, 2013 and 2014 making it difficult for producers to call the market – an insight intriguingly observed by Barclays’ analyst Byrne.

The Marikana disaster in 2012 and associated strike curtailed some 500 000 ounces in platinum supply, which was followed in 2013 by a surprise demand for some 1m ounces of platinum as exchange trade funds took hold. There was also the build-up of 600 000 ounces in inventories that helped platinum consumers sit out the 2014 strike in which some 1.4m ounces of supply was held back.

For some, SA’s platinum industry restructuring just can’t come quickly enough, or may never come owing to government hostility to supply cuts and inevitable job losses.

Said Investec Securities in a recent note: “Given the current labour situation in SA we cannot see the industry being able to restructure, cut production and save itself. This is like watching a crash in slow motion with nothing that can be done to stop it.” ■

editorial@finweek.co.za



Steve Phiri
CEO of RBPlat

Clash of the titans: Eskom vs Glencore

BY DAVID MCKAY

It's questionable whether Eskom will have any success extracting R2bn in penalties from Glencore, a claim for non-performance that is as fraught as it is complex.

The two companies have been at loggerheads on two counts.

Firstly, Glencore has been trying to negotiate a better sales price for the 5.5m tons a year of coal it supplies Eskom's Hendrina power station from Optimum mine, a colliery which is held in the 66% Glencore-controlled Optimum Coal Holdings.

Secondly, and for its part, Eskom has claimed the quality of coal from Optimum mine has been declining for years.

The penalty in question relates to about two years' worth of coal bought from Optimum mine and burned by Hendrina which Brian Molefe, Eskom CEO, said had damaged the power station. Molefe also wants to issue penalty claims to Glencore for future coal from Optimum that may fall below contract specifications.

Glencore's response to Eskom's penalty was to place Optimum Coal Holdings and Optimum mine into business rescue proceedings – a decision that imperils over a thousand jobs. That comes at a bad time in SA where mining company distress has sent government reaching for the worry beads.

Its part in the affair, however, was to immediately overreact, with the department of mineral resources suspending Optimum's mining right. It then, almost as quickly, retraced its decision, realising that the only entity to suffer from such a move was Eskom itself. The debate about Eskom having success in its summons,

however, comes from the basic misunderstanding that in summoning the contract holder, Optimum Coal Holdings, Eskom's legal team must take its place in a queue of creditors, assuming that the business practitioners decide to liquidate the firm.

Since debt in Optimum Coal Holdings has been collateralised by the mine, it's quite likely a bank will stand first among equals in the creditors' queue; certainly not Eskom's claim.

The other shareholders in the company are Pembani/Shanduka with a 10% stake, as well as a further 22% in black economic interests, including an employee share option programme.

Will the business practitioners liquidate Optimum Coal Holdings? They may well.

According to Clinton Ephron, head of Glencore's SA coal business, Glencore's hope of doubling the price of Optimum coal (to about R300/t) would still result in the mine making a loss.

The reason times are so hard for Optimum Coal relates to a decision in May to shut down its export coal section following a slide in the internationally traded price to about \$60/t. The fact of the matter is that the entire mine needs a far higher export price to stay afloat.

Glencore had pumped R900m into Optimum Mine in the last year alone to keep it liquid.

It meanwhile promised to extend the coal sales agreement to Eskom to 2021 from the current 2018 contract expiry if it agreed to the doubling in



Brian Molefe
CEO of Eskom

the sale price. Eskom declined.

In an interview with *Finweek*, Molefe said it may be possible to sue Glencore directly, and not Optimum Coal Holdings, if there was evidence that the mine's demise was related to decisions wholly taken by Glencore.

The view at Glencore is that it's a long shot.

Glencore may have a point and illustrates it through corporate history. It was Gencor that decided in the 1980s that instead of exclusively supplying Eskom, Optimum ought to be expanded so that it could sell export-quality production. Why not, Gencor reasoned: Richards Bay Coal Terminal was aggressively expanding and the export markets were in buoyant fettle.

That decision, however, meant Optimum mine's resources were exhausted quicker than they might have been and resulted in the current falling coal qualities for which Eskom wants recompense.

Meanwhile, there are perhaps more pressing worries for Eskom than the penalty.

If Optimum mine is shut, Eskom will have to source 5.5m tons a year of coal for Hendrina.

Given that Optimum supplies the coal by conveyor into Hendrina, it's possible the transport cost of alternative coal supplies may make the exercise just as expensive as a R300/t contract with Glencore. ■

editorial@finweek.co.za

It's all happening at Emira

BY GLENDA WILLIAMS

It has been a busy year for Emira Property Fund. The JSE-listed company converted from a Property Unit Trust (PUT) to a real estate investment trust (REIT), demonstrated exceptional operating performance, its share price reached an all-time high and it significantly grew its portfolio - investing in around R1.4bn worth of stock.

But it's not just about performance and change in structure. CEO James Templeton departs from Emira to pursue personal interests, with replacement Geoff Jennett, Emira's current CFO, taking the reins from 1 September. Emira executive director Ulana van Biljon's responsibilities will also include that of COO while a new CFO is yet to be announced.

Outperforming its peers, Emira delivered distribution growth per participatory interest (PI) of 9% for its full year to 30 June. That's close to double the inflation rate of 5%. Net

asset value (NAV) per share growth increased an impressive 15.9% to 1 751 cents per PI, while total distributable income also grew 14% to R685.5m.

Templeton attributes the company's meaningful increase in distribution to the fund's acquisitive growth, the contractual rental escalations on most of its portfolio, improved leasing and rigorous cost controls as well as increased recoveries of municipal expenses.

Emira assets comprise 148 properties (office, retail and industrial) valued at R12.7bn, 41% of which is retail, their best performer over the past four years.

It is also internationally diversified through its direct interest in ASX-listed Growthpoint Properties Australia (GOZ), valued in excess of R796m, with total assets now at R13.6bn. Income from Emira's GOZ investment increased by 7.2% due to an increase in the distribution per unit received from GOZ and the depreciation of the rand against the Australian dollar.

"We went over to Australia recently with the intention of increasing our exposure there. But because prices have run so high, what we will probably do is replace local debt with Aussie debt," says Templeton.

The REIT conversion will hugely benefit Emira by allowing them to gear up against their offshore exposure, something they were unable to do as a PUT. "We can raise Aus\$25m (around R250m) on a floating basis at a rate of 2.1%, compared to the 6.3% Jibar here," says Jennett. That is a not-too-shabby 4% differential, and a R10m benefit for switching rand-based borrowings to Australian-based borrowings. One downside has been increased withholding tax on the distributable portion effectively increasing withholding tax from 6% to 8%.

HIGHLIGHTS

R13.6bn: Total assets

148: Number of properties

15.9%: NAV per share growth

76%: Tenant retention

33.4%: LTV ratio of debt funding

R1.375bn: Acquisitions

R681m: Disposals

R186m: Capex projects

R2.3bn: Development pipeline

Much has been made about Emira's B-grade space but in the past three years the company has sold R1.4bn worth of stock at what Templeton terms "fantastic prices". Disposal of non-core properties has enabled the company to reinvest the proceeds in acquisitions and improvements. That's around R186.4m in projects to modernise, extend and renovate 19 buildings, the most significant of these being the R57.8m spend on Kramerville Corner, converting office space into retail showrooms.

Potential capex projects worth R2.3bn include the tripling of office space in Knightsbridge, Bryanston, effectively turning an R85m B-grade building into an R800m P-grade four-star GreenStar building commanding gross rentals of R200/m² against the current R90-odd/m².

Achieving similar growth in the coming financial year could prove a difficult task given worsening economic conditions, jittery investors and a new CEO at the helm. Jennett, though, is unlikely to deviate from company strategy or the way the 22-strong team has been led in the past. ■

editorial@finweek.co.za



Geoff Jennett New CEO
of Emira Property Fund

KTH eyes Africa

BY BUHLE NDWENI

Unlisted investment holdings companies Kagiso Trust Investments (KTI) and Tiso Group (Tiso) both focused on pursuing investment opportunities in the BEE space. A merger in 2011 saw the creation of Kagiso Tiso Holdings (KTH) and a change in strategy away from a focus on BEE opportunities to becoming a Pan-African investment company. CEO, **Vuyisa Nkonyeni**, explains its new strategy.

Since the mid-2011 merger between KTI and Tiso, the KTH team has been busy forging its footprint on the continent. In line with its strategy to grow its portfolio beyond SA borders, particularly into the West and East African regions, KTH bought a 15% stake in Fidelity Bank in Ghana for around \$35m (R400m) 18 months ago. An investment, says CEO Vuyisa Nkonyeni, that is already showing considerable growth in both dollar and rand returns.

Other recent acquisitions include a 40% stake in Nigerian-based healthcare diagnostics company Me Cure Healthcare (Me Cure), in July, which also allowed them to diversify into the healthcare space.

Back on local soil, KTH concluded the acquisition of a 51% stake (at a price tag of just under R1bn) in facilities management company Servest, in June. While approximately 50% of its earnings and revenues are from SA, it also has a presence in east, west and southern Africa and in the UK.

"Servest ticks all the boxes in terms of the type of asset we were looking for," says Nkonyeni.

"Firstly, it is in the services sector, which we view as an attractive and high growth sector, and has a diversified service offering. It also has strong defensive qualities, and is therefore likely to outperform on a relative basis in both good and challenging economic cycles. It is also highly cash generative and in terms of size has a large market capitalisation that meets our size requirements. Finally, the business has a very strong and capable management team that has historically been able to deliver attractive returns consistently to its shareholders."

THE KTH STRATEGY

As a shareholder, KTH wants to have the ability to influence strategies in businesses they invest in, says Nkonyeni. They will therefore look »



Vuyisa Nkonyeni
CEO of KTH

Image: Laurent Revncke

to secure board seats in those entities, including securing seats in strategic sub-committees of the board such as the remuneration, audit and investment committees, should those exist within the companies.

Transformation is another key element of their strategy, says Nkonyeni.

"We are a proud product of BEE. We are very passionate about transformation, so we not only look to pursue a solid transformation agenda at KTH, but also in respect of the investment companies on whose boards we sit. We ensure that we are able to influence the underlying transformation strategies of these companies and monitor the progress thereof," he says.

Part of KTH's strategy is to build platform entities that are anchor investments within their portfolio and which, in addition to the direct investment, they believe can serve as indirect growth vehicles for KTH. Me Cure is one such entity outside of SA through which they hope to invest in other healthcare entities.

AS A SHAREHOLDER, KTH WANTS TO HAVE THE ABILITY TO INFLUENCE STRATEGIES IN BUSINESSES THEY INVEST IN.

Other platform entities include MMI Holdings, in which they have a 7.1% shareholding, and this is considered a core asset to the group for various reasons – including its track record of demonstrated solid growth in the past few years.

"Most importantly about MMI, is that it's a massive cash generator for us. It continues to churn out very attractive dividends for its shareholders out of which we have benefitted immensely. As you can imagine, running a big investment house requires meaningful cash flow from the underlying investee companies and MMI offers that," says Nkonyeni.

Kagiso Media, which delisted from

the JSE in 2013, is also a platform entity for KTH. As part of the delisting, KTH, which had a 51% stake in Kagiso Media at the time, bought out the minority shareholders to gain a 100% ownership of the business. "That is in my mind probably the most transformational media transaction that has taken place in the BEE space. So Kagiso Media is a very important asset, it is a wholly-owned subsidiary and a big cash flow generator as well, similar to MMI," says Nkonyeni.

Electrical products manufacturer and distributor Actom is also a platform entity and KTH has a 19% equity stake in that business. The other platform asset is Fidelity Bank in which KTH has a 15% equity interest.

RAISING CAPITAL

In order to continue growing the business, KTH needed to create a strong capital base.

"Going into the merger we had a very solid balance sheet and a high quality portfolio of assets. We also had significant cash reserves and debt capacity through which we were able to raise further capital to grow the business. But we needed to come up with a sustainable capital raising strategy, which we successfully developed," says Nkonyeni.

KTH inherited a bond programme with the merger, which they have used for their debt-raising strategy. About a month ago the investment house raised a further R800m from the bond programme.

Another source of capital for KTH has been the disposal of non-core investments. Since the merger they have raised over R3bn through the sale of more than 15 of these entities at or above their market values.

KTH currently has over 30 investee companies and is looking to dispose of more entities over time to trim down the portfolio and raise more capital, says Nkonyeni.

LISTING ON THE JSE?

A future equity raise is a real possibility and may be in the form of a listing on the

FACTS ABOUT VUYISA NKONYENI

■ **Management style:** Backing and empowering the management team in pursuit of transactions. "These are bright people who like to be challenged and like to be given responsibilities ... and the success of KTH could not have been achieved without the dedication of these colleagues who have worked full-on in executing the strategy," he says.

■ **Favourite book:** He prefers biographies and non-fiction books. His all-time favourite book is *When Genius Failed: The Rise and Fall of Long-Term Capital Management* by Roger Lowenstein. "This hedge fund achieved considerable success through its trading activities, primarily through the use of derivative products in the financial markets, but when the market turned against them during the financial crisis they abruptly collapsed and were bailed out by the Fed," says Nkonyeni.

■ **Favourite pastime:** Spending time with his family and watching sports. His favourite sport is Formula1 racing and he hardly misses a race. He is also a Stormers fan and watches almost all Springbok matches. He is a long-time supporter of Manchester United, since the age of 13, and in the local PSL league he supports Orlando Pirates.

JSE, says Nkonyeni.

"We are absolutely looking at a solution to raise equity financing in the medium term. We are comfortable with our current debt levels as a result of the two bond issues since the merger," says Nkonyeni.

He says the disposal strategy, although important in assisting KTH raise cash, would need to be complemented by another capital-raising exercise at some point. ■

editorial@finweek.co.za



People carry a banner during a protest against the Trans-Pacific Partnership (TPP) trade agreement in the Shibuya district in Tokyo, Japan in May.

The China-US battle to rule the world

BY CIARAN RYAN

Global trade is about to be shaken by quite a battle - one side backed by China, the other by the US. As China redraws its trade map with the New Silk Road, the US throws its weight behind the new **Trans-Pacific Partnership (TPP)** trade agreement. These two competing strategic visions will reshape the world in which we live.

China's New Silk Road will link China to Russia and Europe, covering a distance of 8000km with high speed rail links, roads, energy transmission and distributions networks and fibre optic networks.

It is flanking this with a Maritime Silk Route that will link its ports to Asia, Africa and the Mediterranean. A key building block of this muscular plan is the creation of the Asia International Infrastructure Bank with seed funding from China of \$47bn (R601bn).

This is the most audacious undertaking in the development of world trade, resulting in new economic corridors covering 4.4bn or around 60% of the world's population, with a total economic output of \$21tr (R269tr).

The Chinese have already kicked things off by building and financing a

deepwater port at Gwadar, on Pakistan's Arabian Sea coast, with China as the long-term leaseholder.

Gwadar will also be the end point for the Iran-Pakistan natural gas pipeline that will ultimately be extended to China. Several other ports and cities along the route have been earmarked for development.

China and Russia recently signed several agreements to tie development of the Silk Road to the Russian-sponsored Eurasian Economic Union (EAEU).

That's a hard act to follow, but the US is determined to try. It has thrown its weight behind the TPP, a new trade agreement being thrashed out between 12 countries bordering the Pacific Ocean, which the US hopes will counter China's growing influence in the Asia-Pacific region. The signatory countries include the US, Japan and Australia, but not China.

US president Barack Obama is keen to cement the TPP as his parting legacy and extend US military, trade and diplomatic reach in the region. What the US has to offer is low- or free-tariff access to its giant market.

The TPP aims to lower tariff barriers on goods and services as well as establish common standards for intellectual property, with common labour and environmental laws across the participating countries. The proposed trade treaty is coming under heavy attack for seeking to export developed world labour and environmental standards to less developed countries, such as Vietnam.

Another thorny feature of the proposed agreement is the dispute settlement mechanism between investors and states, which would give corporations the power to claim damages from countries that change their laws in such

a way as to reduce future expected profits. “These agreements go well beyond trade, governing investment and intellectual property as well, imposing fundamental changes to countries’ legal, judicial and regulatory frameworks, without input or accountability through democratic institutions,” writes economist and Nobel laureate Joseph Stiglitz in an article on Project Syndicate.

To bring this closer to home, if SA were to become a signatory (which is

not on the cards at this point), tobacco companies could sue the government for forcing them to sell cigarettes in blank boxes, thereby reducing the value of the tobacco companies’ brands.

Foreign companies could also sue for expropriation of land or shares, should the government decide to modify BEE laws. This would be a tough pill for SA to swallow. Stiglitz points out that asbestos companies could sue governments for introducing stricter health laws that

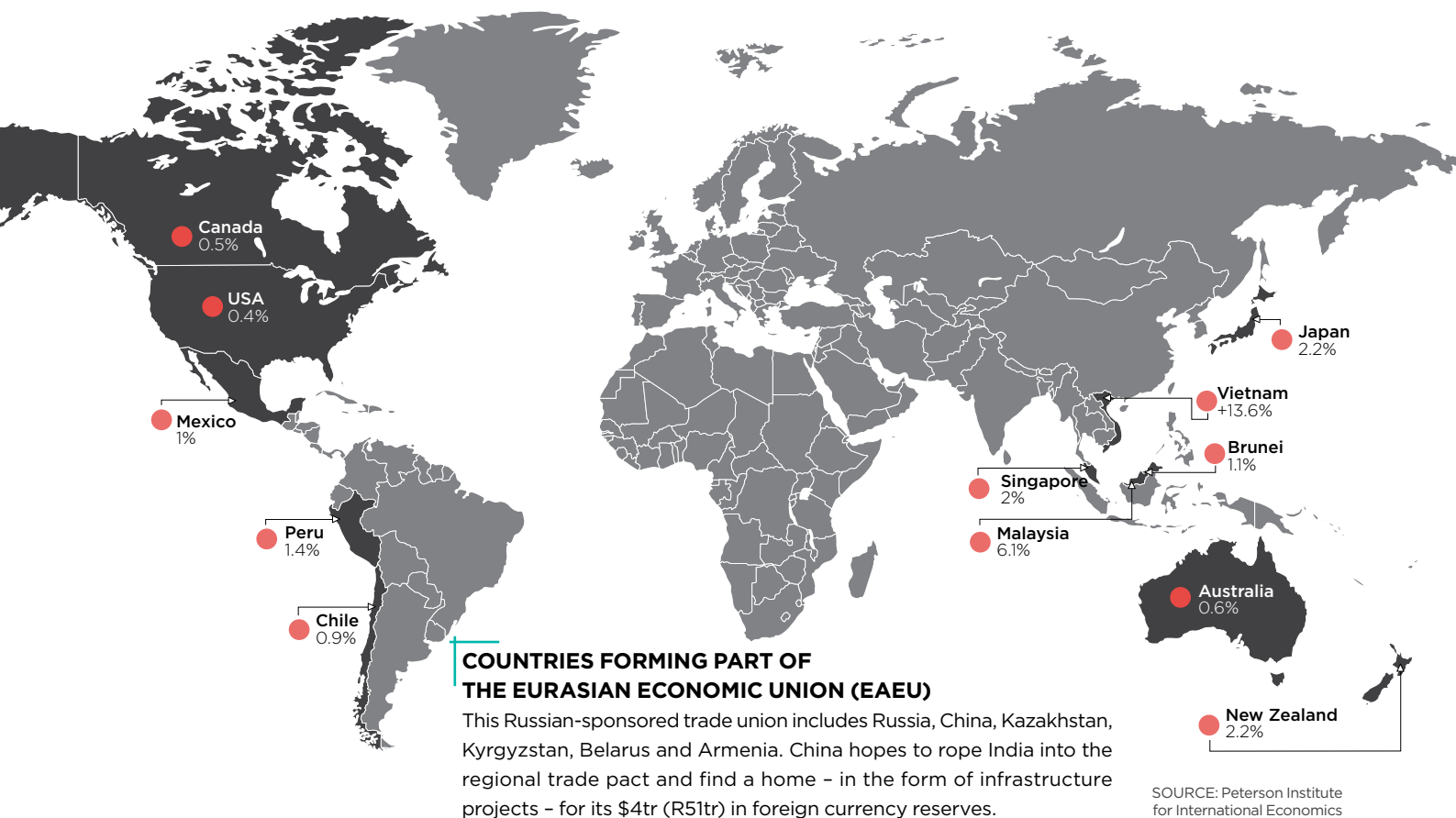
affect their bottom line. The problem is not so much the treaty’s aim to promote freer trade in goods and services, but the very real possibility that it will infringe on participating countries’ national sovereignty.

But for businesses, the TPP has been warmly received. “The goal of the TPP is to boost US exports to some of the world’s fastest-growing economies. It also promises to help resolve labour disputes,” says Sean Brodrick, resource strategist at

PROJECTED % INCREASE OF GDP BY 2025

COUNTRIES FORMING PART OF THE TRANS-PACIFIC PARTNERSHIP (TPP)

Signatory countries include Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the US and Vietnam. These countries account for 40% of the global economy and a third of world trade.



SOURCE: Peterson Institute for International Economics

The Oxford Club, in a commentary on the new trade deal. "Small business could benefit from the new trade deal. And it sounds like companies (in the US) may even be able to challenge government regulations that they believe are punitive or restrictive."

The TPP was to be signed in July this year, but key stumbling blocks have delayed matters. Some of the participating countries are jockeying for privilege: Japan wants to restrict access to its huge domestic rice market; New Zealand wants to build in some protection for its dairy and meat farmers; and the US wants some protection for its sugar beet farmers. Every country has its cherished commercial sectors that fear being thrown to the wolves of freer competition. Japan also wants lower thresholds for its vehicle exports. Though details are still sketchy

TWO COMPETING STRATEGIC VISIONS – ONE BACKED BY CHINA AND THE OTHER BY THE US – WILL RESHAPE THE WORLD IN WHICH WE LIVE.

– since the negotiations are held largely in secret – Japan wants the US to lower its requirement that roughly two-thirds of vehicles are manufactured in the country of origin. Canada and Mexico have voiced concerns that this would negatively impact their vehicle manufacturers.

According to a report by the Peterson Institute for International Economics, Japan gets the biggest potential dollar gain from the deal – \$119bn (R1.5tr). Vietnam gets the biggest percentage gain, with an economic bump of 13.6%. The impact of this agreement on Vietnam is potentially staggering. It will likely get duty-free access to the US market for its footwear and clothing exports, as opposed to the current deal where duties of 17% to 32% are levied.

This means huge potential investment in new manufacturing capacity for the

country. The two other major winners will be Malaysia and Japan – and, of course, the US.

The Peterson Institute says the US could add \$78bn (R1tr) a year to its GDP. The boost for America could be as much as \$267bn (R3.4tr) if free trade expands to the rest of the Asia-Pacific region.

As in any deal, there are winners and losers, according to the Peterson Institute. The winners will be large corporations, notwithstanding bromides to the effect that medium-sized companies will also benefit. Patented drug manufacturers, under the version of the agreement currently in the public domain (thanks to Wikileaks), will be able to get patent extensions, making it more difficult for generic drug producers.

Content owners such as Disney and music labels will have much greater power to bring criminal and financial claims against internet service providers and software pirates. The treaty will reduce or eliminate non-tariff barriers to market entry and may require some countries to remove or modify laws restricting foreign competition in certain business sectors.

The TPP will also make it easier for companies to set up operations in each other's countries because of lower non-tariff barriers (such as legal restrictions on a foreign entry) and harmonisation of standards. This will be a major benefit to the US, which could see its service industry revenue increase by the \$78bn (R1tr) mentioned by the institute.

Where the TPP differs from earlier trade agreements, which were more focused on reducing tariffs on imported goods, this new agreement places much greater emphasis on reducing or eliminating non-tariff barriers.

Low-cost manufacturing countries such as Vietnam, Indonesia and Malaysia should see big growth in exports and investment, while US manufacturing is likely to see more businesses in machinery, transport equipment and other sectors relocate abroad. US manufacturing companies appear to support the treaty, since they will still be able to make more profits by shifting manufacturing abroad to lower cost countries.

HOW THE TPP AFFECTS SA



Peter Draper

Trade specialist and MD of Tutwa Consulting, says the TPP could have mixed impacts on SA.

SA companies exporting to a TPP country may have to retool to meet higher standards under the new treaty. But if the company already exports to, say, the US, and meets the standards required in that market, it would in theory now be able to also meet the standards required in Japan under the harmonised standards provisions of the treaty. Most of these standards are private, which removes the likelihood of governments adding layers of complexity and bureaucracy.

"Potentially, we are talking about thousands of different standards that could apply, but we will have to wait for the final draft of the treaty to see exactly what's in it," says Draper.

In terms of the Africa Growth and Opportunity Act (Agoa), SA has preferential access to the US for roughly 2 500 tariff items. Auto manufacturers might be impacted by the lower tariff barriers to the US for participating TPP countries, since this would lower prices on competing models. Lesotho, whose clothing and textiles industry has been a major beneficiary of Agoa, might likewise be hit by cheaper imports from countries such as Vietnam.

Draper says the TPP is likely to result in both trade and investment diversion – where countries shift trade suppliers to get the best possible price, and where investors relocate production and service facilities to more favourable countries.

SA's agro-processing industry is also likely to be impacted, since all of the participating countries will be looking to expand their markets, particularly in the US and Japan. Lower tariff barriers between TPP countries could hurt our wine, fruit juice and other agro-processing sectors. ■

editorial@finweek.co.za

Six ways to turn managers into **coaches** again

BY KEITH FERRAZZI

The role of the manager is currently undergoing a transformation. Historically, managers embraced the role of coach and mentor. Through informal conversations over a coffee break or more formal conversations such as one-on-one meetings and small group gatherings, managers transferred insight and understanding to employees.

But today, tighter budgets, flatter

organisations, a heavy workload and too many direct reports often leave managers without the time to shoulder the responsibility of being coach and mentor. Yet this function remains critical to the long-term health and productivity of an organisation.

When researchers asked top executives how they view training and development programmes, executives overwhelmingly said the most urgent

problem they face is getting their managers to coach employees. What's more, executives said they are desperate to find and deploy effective solutions for this challenging issue.

HERE ARE **SIX PRACTICAL TIPS** TO HELP MANAGERS SLIP BACK INTO THE ROLE OF COACH AS EFFORTLESSLY AND EFFICIENTLY AS POSSIBLE:



- ## 1. USE REGULAR ONE-ON-ONE CHECK-INS

Regular check-ins, as opposed to waiting for the annual performance review, allow you to work more collaboratively with your direct reports. You can offer insight, guidance and suggestions to help them solve problems and stay on track to achieve their professional development goals. Some managers make it a point to schedule regular phone conversations or in-person meetings on a monthly or weekly basis.

- ## 2. ENCOURAGE MORE PEER-TO-PEER COACHING

Peer-to-peer coaching offers some of the richest, most valuable learning in an organisation. To incorporate more of this type of learning, use your regular staff meeting as a collaborative problem-solving session. This builds cohesion in your team and inspires them to think creatively about how to face certain challenges. It's also an easy way for you to coach multiple people in one setting at the same time.

- ### 3. CREATE MENTORING PARTNERSHIPS

“Some of the richest mentoring I have experienced is through ‘reverse mentoring’ where a younger generation

STOP TRYING TO PLEASE **EVERYONE**

BY RON ASHKENAS AND MATTHEW MCCREIGHT

MANY OF US are familiar with the concept of “Getting to Yes,” an iconic negotiation strategy developed by Harvard professor Roger Fisher and others. For many managers, however, the more difficult day-to-day challenge is “getting to no” – which is what we call the process for agreeing on what not to do.

“Getting to no” is a classic management issue because the vast majority of us tend to accept requests and assignments without first filtering them by what’s possible, what’s urgent and what’s less of a priority. In an age when we are encouraged to be “team players,” it may seem counterintuitive to tell managers to say no more often, but that’s exactly what many need to do. While saying yes to every assignment may initially please senior executives, it usually leaves people over-stressed and inundated with work – a lot of which ends up half-finished or forgotten. In the long run, no one is happy.

What’s worth remembering is that learning how to “get to no” is critical for both your success and your company’s. Organisational effectiveness requires trade-offs. Managers aren’t responsible for pleasing everyone. If a new project becomes top priority, managers need to ask what trade-off should be made to

accommodate it. And it’s important to engage in these dialogues regularly.

It’s OK to raise questions and push back on assignments and requests, even if you’re answering to powerful people. Ask senior leaders whether a new assignment takes precedence over some other project that’s already in your portfolio, and if so, how you should let people know about the change of timing and shift of resources. You could also ask how the new project fits with the broader strategy. Senior leaders may not have thought every scenario through, so raising these issues can be a constructive approach to exploring what needs to be done.

Sure, it’s easier to just say “yes” in the short-term; but taking on an assignment that you don’t have the time for, or one that will compromise other key goals, won’t make anyone feel good about you in the long run – and it won’t help your organisation. That’s why “getting to no” is such a critical challenge to master. ■

Ron Ashkenas is a managing partner of Schaffer Consulting. Matthew McCreight is a senior partner with Schaffer Consulting.

© 2015 Harvard Business School Publishing Corp.

employee partners with a more senior employee and they agree to share lessons learnt with one another,” says Michael Arena, chief talent officer at General Motors. Consider pairing up team members from different demographics. Those in the older demographics likely have a vast amount of life experience that would be beneficial to the younger generation, while younger colleagues likely know more about the latest technology and how to find important bits of information rapidly, which they can pass onto their mentoring partner.

4. TAP INTO THE POTENTIAL COACH WITHIN EVERYONE

Encourage team members to become coaches and trainers by allowing them to hold their own mini-seminars on an important topic or skill. Or if your organisation offers software and applications, such as its own private YouTube channel or an intranet, encourage them to create and share their own learning content and tips on how to access the best learning activities.

Don Jones, former vice president of learning at Natixis Global Asset Management, shared this example

in a recent interview: “Employees are becoming ‘content developers’ for our learning organisation. Imagine a top salesperson in the field giving his pitch on a certain product. He then uploads the content and others in the organisation can share their thoughts and comments through Salesforce Chatter, or other online discussion groups. This is an example of the power of free-flowing knowledge that can be exchanged in an organisation. It energises, engages and encourages learning. Plus, these videos and comments become material to create content to show our new sales hires during sales training.”

5. SUPPORT DAILY LEARNING AND DEVELOPMENT ACTIVITIES

Employees often claim they don’t engage in learning activities because they don’t believe their managers would support them, according to a number of chief learning officers. Change this perception by creating an environment where it’s encouraged to use office time to engage in learning activities. Suggest that they digest small bites of content when it fits into their schedules during the day, or look

for creative ways that you can bring learning into daily activities.

6. SEEK FORMAL TRAINING

If you want your staff to engage in ongoing learning activities, then model that behaviour yourself. Consider seeking out formal training to enhance and improve your hard and soft skills, whether it’s a class, a certification programme or completing a more formal executive education or leadership training curriculum. Pursuing a more formal training programme is one of the wisest investments you can make in your development.

Great coaches aren’t born; they’re made through dedication, commitment and practice. By taking the initiative and proactively working to become a better coach, you will elevate not only your own performance, but that of your team, and by extension, your organisation. ■

editorial@finweek.co.za

Keith Ferrazzi is the CEO of Ferrazzi Greenlight, a research-based consulting and training company.

© 2015 Harvard Business School Publishing Corp.

STANDARD BANK TOP40 PUT WARRANT (TOPSBT)



Protection for your portfolio

BY SIMON BROWN

A LOT OF people have been asking me if I am nervous about the current market conditions and the answer is no. Not because the market doesn't look troubled, but because I invest so I can sleep well.

That said, my lazy weekly system is 100% in cash for the first time in five or six years. That may be meaningless or may foretell something. As I always state, I continue to hold the awesome stocks in my portfolio and have been exiting the "less awesome" stocks over the past few

months - as I have written here.

But for those wanting some protection for their portfolio, a long date put option is a nice and easy insurance option that will appreciate in value as the market falls (losing money if it rises).

TOPSBT expires in April next year and has a current gearing of around -3x, so for every 1% decline in the Top40 Index, the warrant will gain about 3%. It's gentle and can be bought via any JSE broker. But caution, if the Top40 is above 60 000 in April it will expire worthless. ■

Simon Brown Last trade ideas

BUY Mondi

SELL Kumba Iron Ore

BUY Vanguard ETF

HOLD AdvTech

ASPEN PHARMACARE



Aspen under pressure

BY MOXIMA GAMA

ASPEN PHARMACARE, which is trading at a price/earnings ratio of 28.18, may be one of the more expensive shares on the JSE. One of the country's great business success stories, Aspen has grown phenomenally since its listing on the JSE in 1998, growing into a group with a presence in 47 countries and a market capitalisation of R145.8bn. Pharmaceutical companies are by nature more resilient in tough economic times and Aspen was one of the few companies to have shown defensiveness through the economic downturn in 2008 and 2009.

However, its share price has been under pressure in recent months, with GlaxoSmithKline selling off half of its 12.4% stake in Aspen, and a weaker rand against the dollar and euro providing headwinds.

A substantial portion of its cost base is in euro and US dollar and the group also holds dollar-denominated debt.

Despite the group's continued focus on acquisitions, particularly in Asia, momentum is on the downside. The share is already down 20.8% since the start of the year, according to Bloomberg data.

A key level at 34 800c/share was breached in the week of 17 August, but may be tested on a reversal which is soon due. However, signs of further bearishness - potentially towards 28 150c/share - will become apparent if the recovery loses steam below 34 800c/share. Ideally, Aspen would have to trade above 39 100c/share to escape bearish territory. ■

editorial@finweek.co.za

Moxima Gama Last trade ideas

SELL Naspers Limited

BUY Telkom SA

SELL Imperial Holdings

BUY Mediclinic

Good performance and offshore exposure

BY JACO VISSER

BLUE ALPHA BCI ALL SEASONS FUND

The fund invests mainly in local and offshore equity and has a 12% exposure to cash. It focuses on local financial and consumer services stocks and 19% of the fund is invested in BCI's Global Flexible

Fund. Some of the major local stock holdings include Woolworths, JSE Ltd and FirstRand. The global component is invested in Apple, The Walt Disney Co, Boeing and FedEx.

FUND INFORMATION

Benchmark:	CPI + 5% rolling over two years
Fund managers:	Uys Meyer and Tony da Silva
Total Expense Ratio (TER):	4.61%
Fund size:	R338m
Minimum investment amount:	R10 000 lump sum or R500/month
Contact information:	021 409 7100 / info@bluealphafunds.com

PERFORMANCE (ANNUALISED)

AS AT 31 JULY 2015 GROSS OF FEES

	1 year	3 year	5 year	Since inception in November 2005
Blue Alpha BCI All Seasons	14.9%	20.4%	20.1%	17.4%
Benchmark	10.3%	10.6%	10.3%	11.2%

TOP 10 HOLDINGS

(AS AT 30 JUNE 2015)

		% OF PORTFOLIO
1	BCI Global Flexible Fund	19%
2	Woolworths	6%
3	Capital & Counties Properties	6%
4	RMB Holdings	6%
5	JSE Ltd	5%
6	Naspers	5%
7	FirstRand	5%
8	AVI	5%
9	Sanlam	4%
10	Netcare	4%
TOTAL		65%

Fund manager insights

THE FUND PREFERS to invest in shares that offer a good return and dividend and shies away from those that don't return cash to investors, according to Uys Meyer, CEO of Blue Alpha Investment Management and manager of the fund.

"We do not follow a dogmatic approach to share selection and have an approach to capital preservation that will maximise returns over the long term for investors," he says. "This is evident in our long-term ranking against both the market and our peer group."

The fund currently has no exposure to resources and has been underweight in this sector since at least 2011, according to him.

"The only thing that matters to an investor is the return on what they've invested," Meyer says. Dividends, for example, are important in terms of management discipline as the company's return on investment is shared with shareholders, he says.

One of the largest single local holdings in the fund is Woolworths Holdings. Ian Moir, CEO of the retailer, is doing well in terms of capital allocation, according to Meyer. The company also boasts the potential of entering the food retail market in its two Australian units – Country Road and David Jones – of which Woolworths now has full operational control, he says. Locally, the retailer's target market, namely high-end consumers, is more resilient to the current economic downswing than those of competitors at the lower end of the spectrum, such as Shoprite, he says.

WHY FINWEEK WOULD CONSIDER ADDING IT

The fund has outperformed its hefty benchmark of annualised growth equal to five percentage points above consumer price inflation (CPI) since its inception in November 2005. The fund also has a 25% exposure to offshore equities which includes large American corporate names, making it an additional rand hedge. The only drawback is a relatively high total expense ratio of more than 4%, but this is attributable to the fund's good performance, which pushes up its performance fees. ■

editorial@finweek.co.za



Rating stocks on Return on Equity

BY SIMON BROWN

Valuing cyclical shares (such as mining and construction) is always very tricky due to the volatility of their earnings. One day they're booming, as we saw back in the lead up to the 2008/09 financial crisis, and the next thing they're all bust as we see today.

Often one would use a rolling price/earnings ratio (PE), taking five or even seven years of earnings and using that average for determining the PE and other valuing metrics. This smooths the volatility but still gives troubles, especially when either the boom or the bust is especially pronounced.

Then I heard a great concept at a JSE Power Hour event I attended in Cape Town recently. Shaun van den Berg from PSG Wealth was presenting on "think like a businessperson when investing". On a side note, I love the concept of treating investments like businesses we're investing in rather than just the buying of stocks. We are buying companies and we need to always remember this fact.

But back to the main point, Shaun was talking about using an average return on equity (ROE) instead of earnings growth, especially when doing a price/earnings to growth (PEG) calculation.

We wrote about the PEG ratio in this column two weeks ago, but a quick refresher: PEG is PE divided by expected earnings growth. Below 1 is considered cheap, while a PEG above 1 is considered expensive. Shaun's process was fairly advanced and I have tweaked it a bit, making it simpler.

Let's step back and understand what we're doing first. Price and earnings we know and understand.

ROE starts with the E part – equity. Equity is from the balance sheet and is

all the assets less all the liabilities, so really the net asset value (NAV) of the company. Return on this equity looks at what profits the company is making from their equity. So we take net income (typically after dividends have been paid) and divide this into equity for a

percentage value.

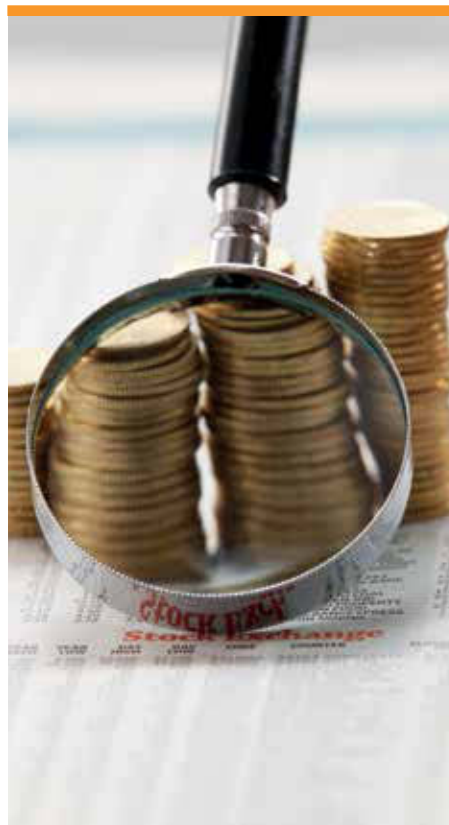
Typically, we'll see a number somewhere in the mid-teens, although, with local retails we're seeing some amazing numbers at around 50%, while some of the large banks are north of 20%. The attraction of using ROE is that it indicates what the sustainable growth rate is within a company over the period (especially when using a smoothed ROE). Using a smoothed ROE in a PEG will help reduce the volatility in earnings that we see in these cyclical stocks.

With this revised PEG, use price as normal. For earnings I would suggest using an averaged five years of HEPS. I again prefer the average five-year earnings as it reduces the volatility. This tweak will change the PE value but gives a better indicator of the current valuation of the company over the long term.

For example, using WBHO we have a five-year average ROE of 18% and a five-year average HEPS of 1130c and a current price of 9500c. Using this five-year HEPS we get a PE of 8.4 (oddly exactly what the current PE actually is but this won't always be the case). For the growth we use the 18% ROE and crunching it all together we get a PEG ratio of under 0.5. The short version: it tells you WBHO is very cheap and I agree, but at almost any metric the stock is.

But the next question is when will it rerate higher – and that is the harder question. When investing, metrics are the easy part. The issue for a company stuck in the doldrums is what needs to happen to see it moving higher and, importantly, when will that happen? In the case of construction I don't know, so I stay away even though the stocks are cheap. ■

editorial@finweek.co.za



WHEN INVESTING, METRICS ARE THE EASY PART. THE ISSUE FOR A COMPANY STUCK IN THE DOLDRUMS IS WHAT NEEDS TO HAPPEN TO SEE IT MOVING HIGHER AND, IMPORTANTLY, WHEN WILL THIS HAPPEN?

Grindrod – calmer seas ahead?

BY MOXIMA GAMA

After plummeting in June 2014 from its all-time high at 2 805c/share to levels last tested in 2012 at 1 200c/share, shipping and logistics group Grindrod is finally showing signs of a potential recovery. The steep downside was quite unusual given Grindrod's popularity among investors, but the group was negatively affected by economic conditions, with challenges including low commodity prices that affected volumes handled by its shipping and rail businesses and a delayed recovery in the bulk shipping market.

Grindrod, which was established more than a century ago, engages in shipping, trading, financial services and freight services businesses worldwide, with a presence in 43 countries. Its Freight Service division offers freight logistics services such as warehousing and storage, clearing and forwarding, road transportation, rail solutions and sea freight and operates

terminals and ports.

Last year Grindrod, whose trucks, trains and vessels haul everything from coal to fuel and vehicles, raised R2.4bn via the issue of new shares to fund the expansion of its Mozambican and domestic terminals. While it managed to grow headline earnings in the six months to end June by 2% to R327.9m, HEPS was down 16% to 43.6c compared to the corresponding period in 2014, given the larger number of shares in issue. Despite the sluggish earnings growth, the interim dividend was maintained at 13.6c/share.

The group warned that global dry-bulk seaborne trade is likely to grow significantly slower than previously expected, mainly due to the slowdown in emerging economies, particularly China. During the three years between 2015 and 2017 dry-bulk trade is likely to grow by an average of 3.6% a year, it said.

Grindrod warned that commodity

prices at unprofitable levels for miners will impact volumes through its terminals, but that it is well positioned to take advantage of an improvement in the global economy.

In June, Grindrod opened a new R200m transport hub in Denver, Gauteng, which includes undercover warehousing, a container stacking area, mining mineral yards and transport facilities. It plans to develop the rail siding at the facility by December, which will allow it to move container volumes from road to rail and reduce costs.

Other major projects include the dredging and expansion of the Matola terminal near Maputo in Mozambique, expanding the Richards Bay terminal, a liquid-bulk terminal storage facility at the port of Ngqura in the Eastern Cape and a crude oil terminal at Saldanha.

POSSIBLE SCENARIO: Grindrod has pulled back from a mega overbought position and could fall back to the 1 290c/share level. Support retained there would present a good buying opportunity as Grindrod embarked on the ascending phase of a bottoming-up pattern with upside potential to the 1 710c/share prior high. A positive breakout of the bear trend would be confirmed above 1 935c/share – stay long.

ALTERNATIVE SCENARIO: A reversal below 1 235c/share would mark defeat and extend the steeper bear trend to the 980c/share levels. ■

editorial@finweek.co.za



52-week range:	R12.39 - R25
1-year total return:	-41.6%
Current P/E ratio:	13.87
Market capitalisation:	R10.49bn
Earnings per share:	R0.99
Dividend yield:	2.44%
Average volume over 30 days:	1 269 746

SOURCE: Bloomberg.com

Simon's stock tips

BY SIMON BROWN

LONMIN SUFFERS IN HAPHAZARD COMMODITY MARKET



Markets have gone a little crazy; we've seen commodity stocks doing double-digit percentage moves down one day and being up double-digit percentages the next. People have been saying they've never seen anything like this, but that's only because they're relatively new to the market. In 2008/09 we saw plenty of similar moves, as in 2001, both times mostly in commodity stocks. This does not mean we're back in 2008/09 and in for a massive selloff, but it does mean we have uncertainty and fear around commodity stocks. Lonmin is perhaps hurting the most and, with a large debt to pay off next year, it really is between a rock and a hard place as it'll struggle to roll over or renew the debt. A rights issue seems impossible with its market cap at around R4bn (less than the debt expiring in 2016). Will it survive? I have no idea, but understand that buying the stocks is high risk and akin to putting your money on red or black at the casino; you're either going to make a lot or lose a lot and those are horrid odds for any investor.

CASH MIGHT NOT BE KING FOR AVENG

Another stock hanging on by its fingernails is Aveng as the share trades over 90% down from its 2008 peak – horrid results for the company, but many have focused on the fact that they have more cash on their balance sheet than their market cap. But many construction companies do and that doesn't mean a whole lot. Some five years ago Stefanutti Stocks had more cash than their market cap but the share has still lost some 70% over the period. The sector is cash intensive and if you're losing money, that cash pile will disappear quickly.

THE HIGHER COMMODITY PRICES GRINDROD NEEDS SEEM UNLIKELY

Grindrod results were pretty much as expected: HEPS was off 16% on the back of new shares issued. Net asset value (NAV) is R23.16, some 50% above the current share price, with a lot of that being in the form of ships and cash. The question is not whether the share is cheap – it is by almost any metric – but rather what will see the share price rerating higher? The weaker rand helps, but really Grindrod needs improving commodity prices. Not just a blip higher, but a sustained move higher, and I don't see that happening any time soon.

ARE CONSUMERS REALLY UNDER CREDIT PRESSURE?

Truworths results shared an interesting comment: "Management feels that the credit environment is steadily improving despite the current tough economic environment." I have been wondering about this. Everybody seems to assume that consumers are under intense pressure, but are they? Even with recent interest rate hikes we're at multi-decade lows and while the economy is very gloomy, that does not automatically mean the consumer is as well. Certainly we're not seeing bad debts exploding, as they remain largely flat. The risk of course is weakening consumers going forward as rates increase and the rand weakens.



AS SHOPRITE CREATES SOME JOBS, WE'RE REMINDED IT'S NOT ALL BLEAK

Shoprite* results also shared an interesting stat: they commented that nearly 10 000 new jobs were created by the group during the year. We hear all the gloom about job losses in mining and construction but there are parts of the economy doing well

and adding jobs. Ultimately it would be a whole lot better for the country if we weren't losing any jobs, but at least we're adding some decent numbers. Of course not all 10 000 are in SA; many would be in other African countries as Shoprite

expands into the continent. Point is, it's not all doom and gloom. ■

editorial@finweek.co.za

*The writer owns shares in Shoprite.



A place for investors to hide

BY CRAIG GRADIDGE

Co-Founder Of Gradidge-Mahura Investments

The current market volatility must have a number of investors scurrying for cover.

With so many sources of risk in global markets such as Greece, China and rising rates in the US, together with a weakening currency, deteriorating economic conditions and rising interest rates locally, weakness and/or volatility could characterise markets for some time to come.

So where should investors be looking to park their funds while waiting for volatility to drop off? Cash is still offering low returns after taxes and fees. Higher returns at the bank come with liquidity trade-offs as investors are expected to commit to at least a one-year fixed term to get something close to an attractive rate.

Investors with fresh capital have a number of options at the moment: ignore volatility and invest now with a long term view; phase money into the market in an orderly fashion over a certain time horizon; phase money into the market in a disorderly fashion based on market movements; or park

the funds in cash and wait until markets are cheap and yields high.

Which strategy is the best one to adopt will depend on the investor and their appetite for risk. For the patient investor with a sufficiently long-term horizon, the option to park funds and wait is good. The question is then where to park the funds, and at least beat inflation while waiting?

THE LOW COST AND LOW VOLATILE NATURE OF THE FUND MAKES IT AN ATTRACTIVE OPTION FOR INVESTORS WITH AN UNDEFINED INVESTMENT HORIZON.

The Prescient Income Provider fund is a solid option for investors. The fund aims to generate income and outperform the South African cash and short-term bond market through a full

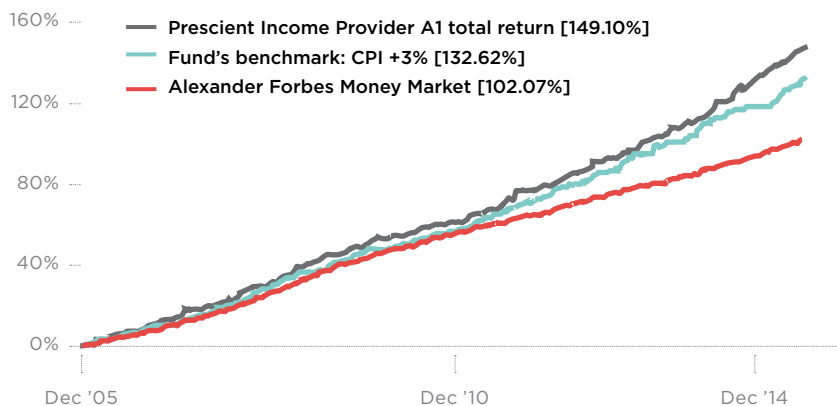
interest rate cycle, and provide some growth in capital. According to the fund fact sheet, it invests in cash, high quality capital market instruments, preference shares and listed property. A number of techniques are used to generate returns including duration management, yield enhancements and risk management strategies. Risk is also mitigated by applying strict credit limits, and the fund is able to invest offshore.

We like the fund because of the relatively low cost structure compared to its peers. The Coronation Strategic Income fund is cheaper, but only by 0.05%. The fund also has an explicit risk benchmark of no capital losses over rolling three-month periods, and has consistently achieved this benchmark. On the upside, the fund has a performance benchmark of CPI+3%, which is an incredibly tough benchmark for such a fund. We will be happy with CPI+1% – CPI+2% over time from the fund. It has outperformed CPI+3% since inception in 2005, however, this has been a largely benign inflation environment coupled with above average returns from bonds and property.

Prescient has a long and credible track record in managing fixed interest mandates, and was largely responsible for the success of the Nedgroup Flexible Income fund before handing back that mandate. The low cost and low volatile nature of the fund makes it an attractive option for investors with an undefined investment horizon, waiting for an opportunity to get back into the market. They will likely keep inflation at bay in the short term, and have the liquidity when they need it. ■

editorial@finweek.co.za

PERFORMANCE OF THE PRESCIENT INCOME PROVIDER FUND



Data from FE 2015

Why dividends help you to invest better

BY SCHALK LOUW

Portfolio manager at PSG Wealth

It takes a relatively small piece of dough to bake a fresh loaf of bread. For better results, leave the dough in the oven until it is fully proved and baked. If you become impatient, as I often do, and open the oven too soon, it will fall flat and might end up smaller than the original piece of dough. The patient baker takes the loaf out of the oven only after it has been properly baked.

One of our greatest fears is that we may not have made sufficient provision for our needs after retirement. Much like baking bread, your protection lies in proper planning, the right “ingredients” and patience. Those who still have enough time and can afford a little more short-term volatility may consider shares that render high dividends.

BUILD FUTURE INCOME

Let's say you have a portfolio of R2m from which you would need a monthly income of R6 300 (in today's rand currency terms) after 10 years. By investing in the stock market at the current average dividend rate of 3.11%, you would earn around R5 200 per month. The actual dividend payments on the local stock market increased by nearly 4% more than inflation over the past 50 years. That means if you invest your R2m in the stock market and the dividend payments increase by 10% (expected inflation of 6%, plus 4%) per

**DIVIDEND PAYMENTS
OVER THE PAST 50 YEARS
SHOWED MUCH LESS
FLUCTUATION THAN THE
SHARE PRICES THEMSELVES**

annum, you should have the required R6 300 per month after 10 years, and at a more tax-favourable rate (15% dividend tax vs. income tax rates).

Looking at the JSE's All Share Index (Alsi), you will see that dividend payments over the past 50 years showed much less fluctuation than the share prices themselves, proving that you should focus on the long-term ability of the company to generate income, rather than short-term price fluctuation.

VALUATION TOOL

We have heard experts tell us the market is currently expensive. A number of reports and recommendations over the past year refer to the current average historical Price/Earnings (PE) ratio of 17.5 as an “extreme level” (see bottom left graph), and they may even be right over the short term.

But compare the income from shares (dividend yield) relative to the money market: if you take a closer look at this ratio (see bottom right graph) you will

see that the historical dividend rate paints a somewhat different picture. For the longer term investors seeking future income for their investments, the current “expensive” on a PE basis market shouldn't cause the least bit of discouragement.

YOUR OWN ANNUAL “INCREASE”

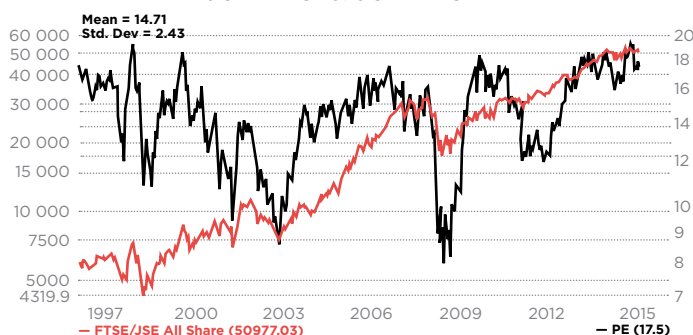
Investors can buy directly into shares that have good dividend potential. Based on Bloomberg consensus, I have identified five shares that should enjoy good growth over the next few years, both in price and dividend yield: Billiton, FirstRand, Imperial, MTN and Sasol.

These shares currently stand at an average historical dividend yield of 5.3%, very favourable not just when compared to other shares, but also the money market. Had you invested your R2m in equal parts in these five shares 10 years ago, your income would have been R47 800 in the first year. It would have grown to R383 100 at the end of the 10-year period (i.e. by 23.4% per annum). Of course, we cannot ignore that this included the market correction of 2008, where investors simply had to shut their eyes and “leave the bread in the oven”.

If you want to experience the joy of freshly baked bread, leave the dough in the oven for the right period of time. It will prove itself. ■

editorial@finweek.co.za

JSE ALSI & JSE ALSI PE



FTSE/JSE ALLSHARE DIVIDEND YIELD
RELATIVE TO SA CALL RATES



Adii Pienaar's second win

BY JON PIENAAR

Adii Pienaar, co-founder of WooThemes, is currently working on Receiptful.

In 2010, at the age of 25, Adii Pienaar had made his first million through WooThemes, the multi-million dollar business he helped create. Now he's doing it again with Receiptful. This e-commerce add-on, which uses receipts as a marketing channel, recently received angel funding to the tune of R6.5m.

Sitting in his home on a leafy golf estate in the Paarl winelands, serial dotcom entrepreneur Adii Pienaar gets frank about what it takes to create a successful digital business, and why doing this the second time around is different.

"I think the biggest change between the first time and every subsequent time is that the first time you're ignorant, so you don't know where the pitfalls are," Pienaar says candidly. It's a warm winter's day and a thirty-year-old Pienaar is sitting at his dining room table in his chinos and denim shirt. His hair is tied back in a manner that's been appropriated by hipsters, but Pienaar is no trendoid. He's a *boerseun* who studied at Stellenbosch University and fell in love with technology at a very young age.

"The second time around you're more aware and you realise there are a helluva lot of things that could be going wrong," Pienaar says of his new venture. "Plus you're armed with theoretical frameworks like 'don't do this, but do that. This means that 'analysis paralysis' is a big risk," the founder of Receiptful admits, and then pensively adds: "I definitely have fears. I don't think fear of failure ever goes away."

Pienaar says he is not someone who naturally enjoys risk. "I just accept risk as part of the job and I try and mitigate it as efficiently and intelligently as possible. But there's definite fear. Nobody wants to fail. Nobody wants to >>



make mistakes,” he says.

In 2008, at the age of 22, Pienaar started his first real business, called WooThemes, together with Mark Forrester and Magnus Jepson. WordPress is a free and open source content management system that allows even the least technical person to get a good-looking website up and running quickly and easily, at little or no cost. WooThemes rode the crest of the growth wave created by WordPress by pioneering the concept of paid-for themes within the free WordPress platform. In short, themes enable WordPress users to easily and attractively modify the look and design of their WordPress blog or site.

In 2011, when customers requested a theme that could be used for e-commerce — allowing websites to incorporate an online store — the three decided to create WooCommerce. Rather than a bespoke theme, WooCommerce ‘plugs into’ any WordPress site and enables it to provide an e-commerce solution that can accommodate anything from a one-man site selling T-shirts and mugs on the side, to a fully-fledged e-commerce site with an inventory of hundreds of items.

It was the right solution at the right time and WooCommerce rapidly gained favour among WordPress users. In 2013, Pienaar exited WooThemes with the aim

of taking some time off and de-stressing. But he still kept track of what was happening in the e-commerce space and started considering what his next venture might be.

In early 2014, the entrepreneur stumbled upon an article about “the missed marketing opportunity of email receipts” and had an epiphany. “I felt like this was the perfect idea where I could leverage my past experience, skills and connections in terms of building WooThemes — and part of that journey WooCommerce as well,” Pienaar says.

After doing research and discovering that this was a novel idea, Pienaar dived in and started his next business in the e-commerce environment. Within six weeks he had outsourced the work of

writing the software to coders and was presenting an early working prototype to users.

The software was built to ‘plug into’ a popular payment processor in the US and Europe called Stripe. A US-based company, Stripe is an online payments processor that manages billions of dollars’ worth of transactions annually for both individuals and companies. “They’ve been building an ecosystem of third-party applications on top of their platform,” says Pienaar, explaining why he chose their ecosystem to launch on.

Since then, Receiptful has been developed for WooCommerce and Shopify — the latter possibly being WooCommerce’s biggest competitor and one of the larger e-commerce platforms currently available.

What is Receiptful? In short, online merchants hand over the management of their receipts to Receiptful. Aside from the necessary sales information, there is space on a receipt for a merchant to engage with a customer. Pienaar explains: “What we’ve found is that receipts actually have an open rate of about 70%, which is — depending on who you want

to believe — anywhere from three to five times the open rate of general email marketing for the e-commerce sector.”

This is significant, says Pienaar, because it shows that the customer’s attention is captured. On average, people spend 15 seconds looking at a receipt, which is a relatively long time in email terms. “It’s qualified attention because this is your customer, it’s not someone that — as the store owner — you’re spamming or that you don’t know,” says Pienaar.

“There is already that trust relationship: they’ve just handed you some money, so we’re basically using that qualified attention to market something else to them.”

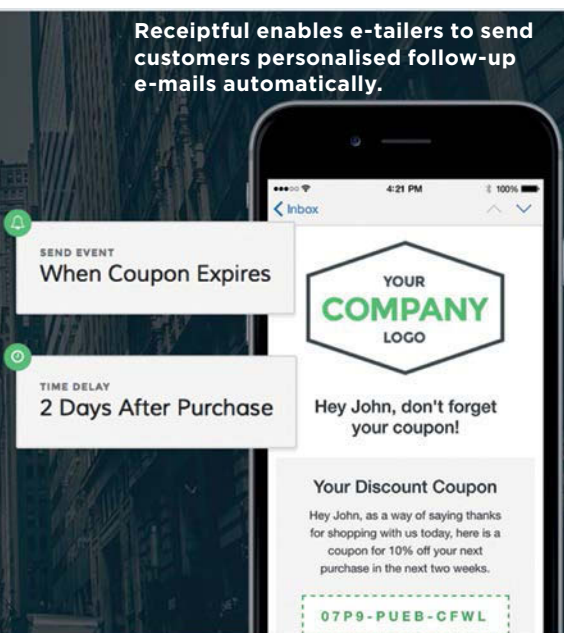
Developing this further, Pienaar says: “Where we’ve had

the most success is using a combo tactic: we include recommended products within receipts, which is based on our recommendation engine or algorithm. So it will look at that customer’s purchase history, offer a complementary product that the customer may not be aware of and, to top it all, offer a discount coupon for a future purchase, which hopefully incentivises them to take action.”

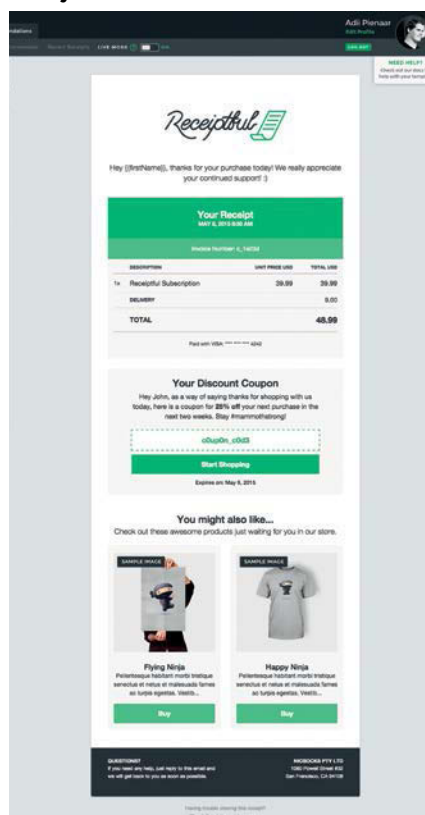
Having floated the initial venture with his own capital, Pienaar has now elicited the help of angel investors. In May this year he raised \$500 000 (around R6.5m) from a group that includes Automattic founder Matt Mullenweg (the entrepreneur behind WordPress); Gyft founder Vinny Lingham; Slack founder Andrew Wilkinson; Groupon SA founders Daniel Guasco and Wayne Gosling; the co-founder of Jumia in Nigeria, Manuel Koser; WantItAll founder Justin Drennan and several others.

E-commerce is big and growing rapidly. According to information and measurement company Nielsen, business-to-consumer e-commerce sales worldwide reached some \$1.5tr in

IN EARLY 2014, PIENAAR STUMBLED UPON AN ARTICLE ABOUT THE “MISSED MARKETING OPPORTUNITY OF EMAIL RECEIPTS,” AND HAD AN EPIPHANY. “I FELT LIKE THIS WAS THE PERFECT IDEA.”



Receiptful personalises e-tailers' every interaction with customers.



2014, up 20% from 2013. Research by Google, PayPal and OC&C Strategy Consultants estimates that the world's largest e-commerce markets – China, UK, USA and Germany – will double in size by 2018 to some \$500bn.

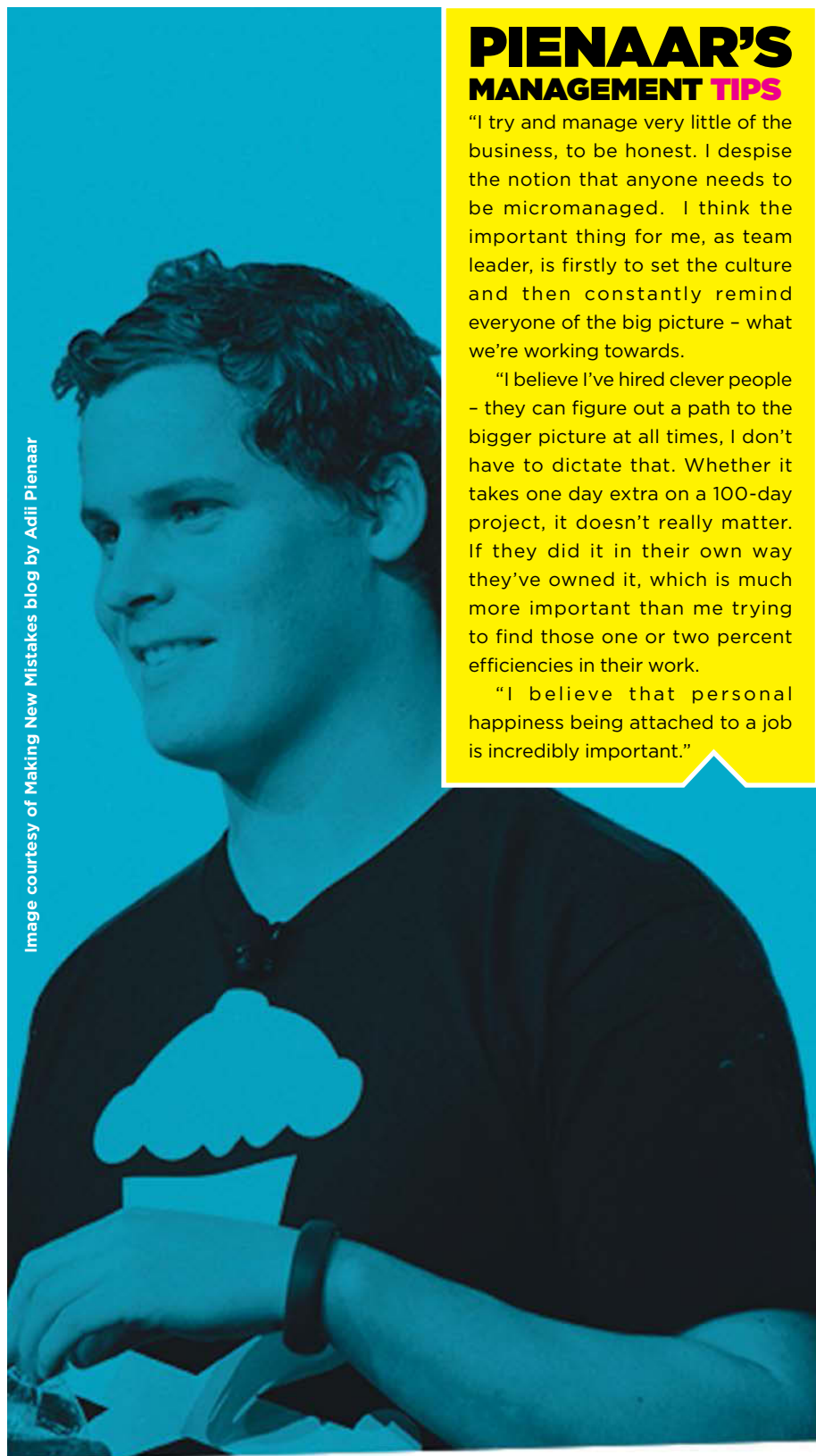
In just a few months since its launch, Receiptful has already processed over 400 000 receipts, representing more than \$200m in transaction value. More important though is the result.

"We have now in total generated close to \$200 000 in additional revenue," says Pienaar. These figures are based on the fact that the system can track when customers click on links in the receipts, or use coupon codes in subsequent purchases.

It's still early days in the start-up's life, but with a R6.4m capital injection, combined with Pienaar's experience and a burgeoning e-commerce market, it's likely that Receiptful is headed for the big time. Pienaar seems destined for his second big win. ■

editorial@finweek.co.za

Image courtesy of Making New Mistakes blog by Adii Pienaar



PIENAAR'S MANAGEMENT TIPS

"I try and manage very little of the business, to be honest. I despise the notion that anyone needs to be micromanaged. I think the important thing for me, as team leader, is firstly to set the culture and then constantly remind everyone of the big picture – what we're working towards."

"I believe I've hired clever people – they can figure out a path to the bigger picture at all times, I don't have to dictate that. Whether it takes one day extra on a 100-day project, it doesn't really matter. If they did it in their own way they've owned it, which is much more important than me trying to find those one or two percent efficiencies in their work."

"I believe that personal happiness being attached to a job is incredibly important."

Gareth Pon – Africa's Instagram virtuoso

BY MANDY DE WAAL

He travels around the world, making movies and taking photographs in wonderful locations. Videographer, photographer and creative consultant Gareth Pon has built a formidable following and client base, almost exclusively through awareness created on Instagram.

Africa's top Instagrammer, Gareth Pon, dreams of going into space, but until that happens, he's firmly grounded by a career that sees him travel the world creating out-of-this world photographs and videos. Ask Pon what he does and he'll tell you he tells stories using pixels.

Most of those pixels are on Instagram where, as of 6 August, the mobile photographer, videographer and creative consultant has over 244 000 followers.

"Instagram has made international reach and exposure a lot more possible," says Pon of the free and easy-to-use social media service that enables people to snap photographs and take video clips with a mobile device and share them online. The exposure on Instagram has given him, and many others around the world, the opportunity to grow an audience and potential clients in a unique way, he says.

"I can honestly say that prior to Instagram I would not have dreamt of doing what I am doing now. It's changed my perception of the photography and social media industry as a whole," the visual storyteller explains.

"I've been able to collaborate and work with brands locally and internationally purely because I was given the opportunity to showcase my work via a very modern and untraditional medium."

Gareth Pon
Videographer,
photographer and
creative consultant

GARETH'S INSTAGRAM TIPS

ON GETTING NOTICED:

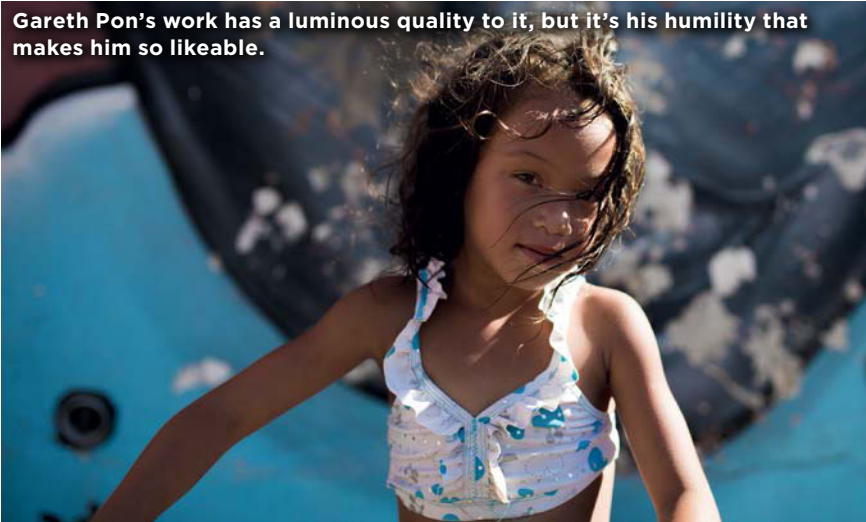
"There's no secret. Just be genuine, share your best curated images and engage as best as you can. The rest will flow naturally. If you're nice, people will love you; if you take great photos people will be fans. Like everything in life it takes a lot of hard work and time."

ON GETTING SERIOUS NUMBERS:

"Engagement is key; the more you engage the more people will engage with you. In order for you to become a 'serious' Instagrammer you need to be seriously engaged. People are not numbers. They're people. Behind every account there is a real person who is just trying to express their love for photography. I think people often forget that every like is attributed to a real person. I think if we treat people like people in any space, we'll do well. We all need each other after all – sometimes people just need to know that."

“INSTAGRAM HAS GIVEN ME AND MANY OTHERS AROUND THE WORLD A VISUAL ENVIRONMENT TO GROW AN AUDIENCE OF FANS AND POTENTIAL CLIENTS IN A UNIQUE WAY.”

Gareth Pon's work has a luminous quality to it, but it's his humility that makes him so likeable.



Created in 2010 by US coder and entrepreneur Kevin Systrom and Brazilian software engineer and entrepreneur Mike Krieger, Instagram is unique in that the images and photographs shared are a very specific square format. A year after launching the service, Instagram already had more than a million users. In April 2012, Facebook acquired the image sharing site for \$1bn. Today Instagram has a community of well over 300m.

The numbers give an indication of Instagram's massive reach, but how has Pon managed to craft a career that takes him around the globe almost exclusively

off the back of social media?

"Instagram is widely based on curation of content, community and having a unique story to tell," says Pon. "Anyone could have done the same before I did; I'd like to believe that I was in the right place to be able to offer these things at the right time and hopefully I'm still pioneering some ideas in the space."

Pon adds: "I just took the right opportunities and pursued two things I was passionate about – people and photography. I also founded the South African Instagrammers community which has in turn paved the way for other communities to grow and flourish

in South Africa," says the creative who was elected Africa's top Instagrammer of 2014 and 2015 by the African blogger awards, and is the official South African Samsung Digital Imaging Ambassador.

Pon didn't get involved with Instagram immediately. "To be honest I was a year late with the platform," Pon confesses. "I was using it purely as another creative outlet; shooting photos and sharing them as best as I could, but also challenging myself to do it more to grow my visual literacy. Needless to say, I've been pleasantly surprised by the opportunities that have come from it."

But when you look at Pon's work at @garethpon on Instagram, his ability to attract followers is obvious. His work is smart, compassionate and has an enviable aesthetic. Pon's also clearly adept at engaging a crowd.

Instagram and word-of-mouth is how the visual storyteller gets new work. He's had a little editorial here and there, but for the most part Pon's work sells itself. "I haven't done any traditional marketing other than building and maintaining my social media platforms," he says.

When asked to define what success means to him, Pon says: "Knowing that I still have opportunities to create and tell stories while being able to share experiences with those around me." ■

editorial@finweek.co.za



Johannesburg as seen from above in one of Pon's photographs.

A career as a visual storyteller enables Gareth Pon to collaborate with influential artists, like Nelson Makamo who has also become Pon's friend.



Images courtesy of Gareth Pon

Diversification benefits Adapt IT

BY GUGU LOURIE

Durban-based software and computer services group Adapt IT continues to achieve double-digit growth in a tough and highly competitive environment, which has hurt rivals like Gijima.

Adapt IT, which reported a 35% rise in headline earnings per share to 46.57c in the year to end June, has seen its share price rise 58.1% over the past year.

The company's organic growth was 18% while acquisitive growth added 24% to turnover, bringing total turnover to R575m, up 42%. It hiked its dividend by 32% to 10.9c.

Despite a challenging economic climate, which has seen bigger rival Gijima struggle and delist from the JSE in May 2014, Adapt IT remains keen on buying more firms to ensure that its profitable diversification creates more value.

CEO of Adapt IT, Sibusiso Shabalala, told *Finweek* that the company would continue with its strategy to focus "on markets where we are differentiated and also to continue to seek earnings-enhancing acquisitions that we can buy". Shabalala also believes the tech firm will continue to deliver good growth organically, even though markets are not as buoyant as they used to be.

The company recently bought Student Management Software Solutions (SMSS), a New

Zealand-based software firm, to bulk-up its profitable education software portfolio.

Adapt IT believes SMSS would bring a host of new business opportunities. "They have an interesting piece of software that manages campuses that are below university sizes," explains Shabalala.

The acquisition gives them access to software that looks at the next tier of education, he says. "What we are going to do is localise the software to the regions in which we operate."

Adapt IT's organic growth was boosted by strong demand in the higher education sector, a space in which the IT firm has provided specialised software services for 29 years.

Its education unit offers a turnkey enterprise resource planning product, ITS integrator, and services to the higher education sector globally. In the year to end June 2015, Adapt IT's education unit saw operating profit rise to R27m from R15m in the previous year.

Adapt IT is likely to benefit from providing SMSS education software in SA and the rest of the continent.

"SMSS is already suitable for the Australasian market and we will adapt it ... excuse the pun ... to the South African and African markets to go to next tier of education below universities," said Shabalala.

While the company strategy is to focus on organic growth, Shabalala is keen to make more acquisitions – through the issue of new shares – when

DESPITE A CHALLENGING ECONOMIC CLIMATE, ADAPT IT REMAINS KEEN ON BUYING MORE FIRMS TO ENSURE THAT ITS PROFITABLE DIVERSIFICATION CREATES MORE VALUE.

Adapt IT Holdings



52-week range:	R5.82 - R10.95
Price/earnings ratio:	21.47
1-year total return:	+64.9%
Market capitalisation:	R1.29bn
Earnings per share:	R0.47
Dividend yield:	1.09%
Average volume over 30 days:	110 304

SOURCE: Bloomberg.com



Sibusiso Shabalala
CEO of Adapt IT

it finds a company it is interested in.

Adapt IT also wants to increase the size of its footprint in Africa, where it is on the lookout for acquisitions. ■

editorial@finweek.co.za

SUBSCRIBE NOW

**SUBSCRIBE TO THE DIGITAL EDITION
FOR ONLY R92 PER MONTH AND SAVE 20%**



HERE'S HOW:

1. Register an account at www.mysubs.co.za OR log in to your account.
2. Go to the page of the item you would like to purchase and select your subscription option.
3. Click on Add to Cart and then Checkout.
4. Pay now.
5. Select your method of payment and your order will be confirmed.
6. Download the MySubs+ app from the relevant app store and log in with your MySubs details to read your publication. Your magazine will appear in your library. Simply download and enjoy!

*my*subs

CONTACT US ON:



0861-697-827



SUPPORT@MYSUBS.CO.ZA

TERMS AND CONDITIONS

Offer valid until 31 August 2015. If at any time you choose to discontinue your subscription, call 0861-697-827 or email support@mysubs.co.za.

Directors' Dealings

Company	Director	Transaction Date	Transaction Type	Volume	Price (c)	Value (R)	Date Modified
ACSION	P Scholtz	14 August	Sell	700	950	6,650	22 August
ACSION	P Scholtz	17 August	Sell	16,000	950	152,000	22 August
ACSION	P Scholtz	20 August	Sell	23,300	950	221,350	22 August
ACSION	PD Sekete	20 August	Purchase	23,300	950	221,350	22 August
AFRIMAT	HP Verreyne	17 August	Sell	7,478	2100	157,038	22 August
AFRIMAT	MW von Wielligh	13 August	Sell	47,739	2200	1,050,258	22 August
AFRIMAT	MW von Wielligh	14 August	Sell	3,675	2100	77,175	22 August
ARGENT	TR Hendry	14 August	Purchase	2,000	440	8,800	22 August
AVENG	MJ Kilbride	20 August	Purchase	10,000	500	50,000	26 August
BSI STEEL	WL Battershill	21 August	Purchase	345,000	47	162,150	25 August
BSI STEEL	C Parry	14 August	Sell	6,244	49	3,059	22 August
CAPITEC	R Stassen	20 August	Purchase	2,500	44500	1,112,500	22 August
CLIENTELE	BW Reekie	24 August	Purchase	32,980	1935	638,163	26 August
CLIENTELE	BW Reekie	24 August	Purchase	20	1920	384	26 August
CURRO	AJF Greyling	13 August	Sell	79,957	3404	2,721,736	22 August
CURRO	AJF Greyling	14 August	Sell	70,043	3411	2,389,166	22 August
INVICTA	CH Wiese	18 August	Purchase	150,000	9100	13,650,000	22 August
INVESTEC PROP	S Hackner	18 August	Purchase	1,100,000	1646	18,106,000	22 August
INVESTEC PROP	N Riley	20 August	Purchase	30,000	1625	487,500	22 August
INVESTEC PROP	W Wooler	20 August	Purchase	15,000	1620	243,000	22 August
LIBERTY HOLD	BS Tshabalala	18 August	Sell	11,873	13609	1,615,796	22 August
LODESTONE	JS Cooper	21 August	Purchase	33,043	695	229,648	26 August
LODESTONE	JS Cooper	21 August	Purchase	22,200	700	155,400	26 August
LODESTONE	G Trope	19 August	Purchase	6,375	685	43,668	26 August
LODESTONE	G Trope	20 August	Purchase	2,800	700	19,600	26 August
LODESTONE	G Trope	21 August	Purchase	1,000	700	7,000	26 August
LODESTONE	G Trope	21 August	Purchase	500	715	3,575	26 August
NASPERS	MR Sorour	14 August	Sell	29,667	170256	50,509,847	22 August
NASPERS	MR Sorour	18 August	Sell	95,255	170920	162,809,846	22 August
NASPERS	MR Sorour	19 August	Sell	232,160	169977	394,618,603	22 August
NICTUS	HE Prozesky	21 August	Purchase	53,125	59	31,343	22 August
NICTUS	JJ Retief	21 August	Purchase	1,008,178	59	594,825	22 August
NICTUS	GRD Tromp	21 August	Purchase	377,777	59	222,888	22 August
NICTUS	PJD Tromp	21 August	Purchase	170,000	59	100,300	22 August
NUWORLD	MS Goldberg	18 August	Exercise Options	62,000	2400	1,488,000	22 August
OMNIA	WT Marais	17 August	Sell	30,878	16400	5,063,992	22 August
PEREGRINE	P Goetsch	18 August	Purchase	500,000	3114	15,570,000	22 August
REDEFINE	M Wainer	11 August	Sell	25,483	1115	284,135	22 August
SANTOVA	AD Dixon	21 August	Purchase	60,000	300	180,000	22 August
TREMATON	A Groll	20 August	Purchase	45,000	316	142,200	22 August
TRUSTCO	R Heathcote	19 August	Purchase	2,469	374	9,234	22 August
TRUSTCO	R Heathcote	19 August	Purchase	262,591	375	984,716	22 August
VODACOM	MS Aziz-Joosub	20 August	Purchase	26,608	13918	3,703,301	22 August

Dividend ranking

SHARE	FORECAST DPS (c)	FORECAST DY (%)	SHARE	FORECAST DPS (c)	FORECAST DY (%)
EQSTRA	35	12.5	VUKILE	148	8.4
PAN AFRICAN	15	10.0	EMIRA	146	8.4
REBOSIS	109	9.8	ACCPROP	54	8.2
ASSORE	650	8.7	GLENCORE	236	8.1
LEWIS	528	8.5	OCTODEC	192	8.0


finweek

TEST YOUR KNOWLEDGE

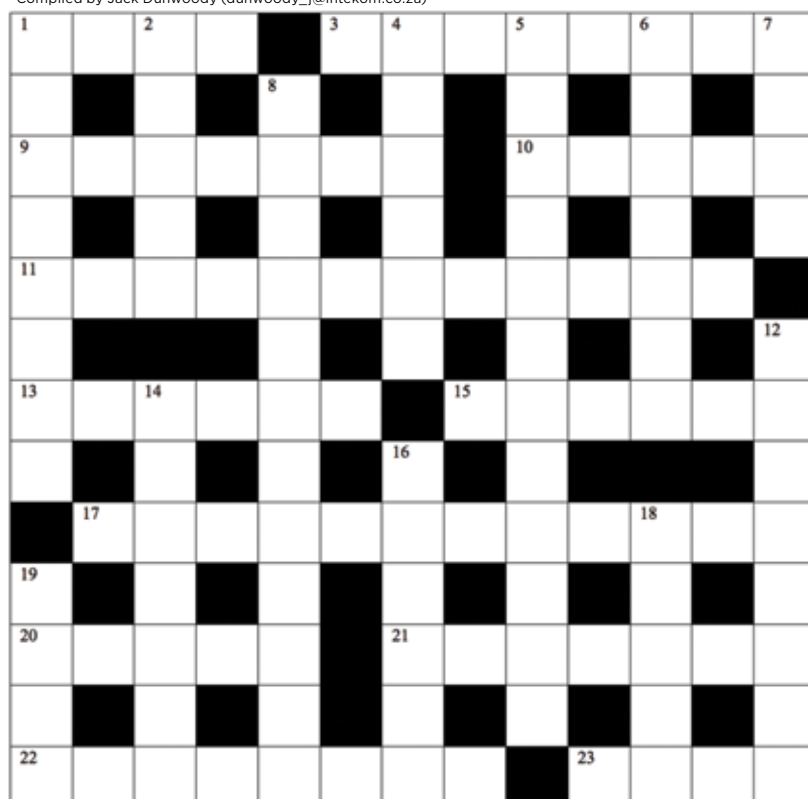
A lot has happened! Take our quiz and find out if you're up to speed with current affairs. Complete the quiz online at finweek.com to find the answers.

1	What is public protector, Thuli Madonsela's, report into claims of maladministration at the Passenger Rail Agency of South Africa (Prasa) called?	6	Which English Premier League football team is owned by Roman Abramovich?
2	What is the name of the power station at the centre of the Eskom-Glencore standoff?	7	True or false? Scotland's national animal is a unicorn.
3	When the first Starbucks store opens in Johannesburg, prices will be in line with what the franchise charges internationally. The average cup of coffee in SA ranges from R15 to R25. Some of Starbucks' specialty coffees can cost up to: ■ \$2.85 (R35) ■ \$3.95 (R49) ■ \$4.95 (R61)	8	In what year was Grindrod Limited founded?
4	What is the name of the South African singer who recently came under fire for her response to <i>Luister</i> , a documentary about the experiences of black students at the University of Stellenbosch?	9	Agriculture service provider Dalevest developed an app that provides farmers with real time Safex market updates. How many users has the app gained across the country since its launch at the beginning of the year?
5	True or false? Vietnam is a potential member of the Trans-Pacific Partnership (TPP).	10	True or false? The World Trade Organisation (WTO) allows countries to raise import tariffs up to 10% to protect local industries.



CRYPTIC CROSSWORD

Compiled by Jack Dunwoody (dunwoody_j@intekom.co.za)



NO 597 JD ACROSS

- 4 Food starts at 3:00 – quite a spread! (7)
- 8 Continuing away from old city terminal (6)
- 9 Old article on wood, as reported (7)
- 10 Sort of suits the sport (6)
- 11 Sort of shopping one does when fishing for information (6)
- 12 Sort of commitment pupils wouldn't want (4-4)
- 18 Fussy music (8)
- 20 I object about investigators having nothing to pin on doctor (6)
- 21 Left in exceptionally good state regarding long composition (6)
- 22 Swing around river in North Carolina (7)
- 23 Sovereign power of a 50-year old reign (1,6,6)
- 24 The old man's gone nuts! (7)

DOWN

- 1 Last quaint sleep sack (7)
- 2 Overdo it recruiting 500 men for a scrap (7)
- 3 Ask for Scotch (6)
- 5 Recovered part in cash (8)
- 6 Out of date jam the French find nourishing (6)
- 7 Sounds like faithful worker's an absentee (6)
- 13 Necessary to apply on the day (8)
- 14 Sort of art best displayed under strobe lighting (5,2)
- 15 Sovereign power of a 50-year old reign (1,6,6)
- 16 Particular dock (6)
- 17 Informed in twos – that is unusual (4,2)
- 19 High school department leads in intellectual insights (6)

Solution to Crossword NO 596 JD

ACROSS: 1 Adequate; 5 Asia; 9 Clear; 10 Know-all; 11 Omit; 12 Mantelet; 13 Martello tower; 18 Approval; 19 Even; 20 I ask you; 21 Elder; 22 Go to; 23 Decrypts
DOWN: 2 Dilemma; 3 Quartet; 4 Take a pleasure; 6 Swallow; 7 All-star; 8 Tomtit; 13 Meaning; 14 Reposit; 15 Eponym; 16 Overlay; 17 Everest

ON MARGIN

FRINGE FUNNIES

UK comedy television channel Dave listed some of the funniest jokes of the Edinburgh Festival Fringe, which ends on 31 August.

HERE ARE PIKER'S FAVOURITES:

I just deleted all the German names off my phone. It's Hans free. – **Darren Walsh**

Kim Kardashian is saddled with a huge arse ... but enough about Kanye West.
– **Stewart Francis**

What's the difference between a hippo and a Zippo? One is really heavy; the other is a little lighter. – **Masai Graham**

If I could take just one thing to a desert island, I probably wouldn't go. – **Dave Green**

Jesus fed 5 000 people with two fishes and a loaf of bread. That's not a miracle. That's tapas. – **Mark Nelson**

The first time I met my wife, I knew she was a keeper. She was wearing massive gloves.
– **Alun Cochrane**

Whenever I get to Edinburgh, I'm reminded of the definition of a gentleman. It's someone who knows how to play the bagpipes, but doesn't. – **Gyles Brandreth**

They're always telling me to live my dreams. But I don't want to be naked in an exam I haven't revised for. – **Grace the Child**

If you don't know what introspection is, you need to take a long, hard look at yourself.
– **Ian Smith**

THE GOVINATOR

Jean-Claude Van Damme, Steven Segal and Arnold Schwarzenegger all decide to go out trick-or-treating as musical composers for Halloween. They go into a costume store and look for masks.

Jean-Claude sees a costume that he likes and says, "I think I'll go as Beethoven". Steven sees a costume that grabs his attention and says, "I'll be Mozart." Arnold has a tough time finding a costume that he likes, but he eventually finds one that appeases his interest. He picks up a costume and says, "I'll be Bach." ■



"Blue sky? ... No, I'd say he's more of a 'dark low-hanging clouds laden with doom' kind of investor."



The turmoil in global markets, which saw the rand breach R14 against the US dollar for the first time, albeit in a single trade in the early hours of 24 August, caused quite a stir on social media.

THE NEW YORK TIMES PROBABLY HAD THE BEST ADVICE TO DEAL WITH THE HAVOC:
NYT Business @nytimesbusiness
Inhale, exhale. Repeat. Then watch ESPN.

Tom Eaton @TomEatonSA
Looking at the rand, I'm so grateful that we paid our \$10m bribe to FIFA back in 2007 and not today. Saved ourselves millions of ronts.

AND #THINGSSTRONGERTHANTHERAND:
My Surname is Khan™ @ejaz_k
Chances of Zuma Paying back the Money

Teshar Solanki @Teshar
Ashley Madison Security

Chad Chad Chad @smithbruu
Stevie Wonder's eyesight

Peter Parker @mattyB231
Dial-up internet connections

JW van Heerden @zwodder
Supply Chain oversight at PRASA

Chad Chad Chad @smithbruu
Trust in Metrorail

Caardo @RicardoRamos15
Morning breath

Nom De Plume @iAmKameel
Nando's Mild

Nazeer @nazeerhatesyou
White people's curry

TeenageDirtbag @Yazzy2102
Everything, basically.

Black Rambo @Dumile_
Why did Leon Schuster make another movie?
Aren't we going through enough as a country?

THE TIME HAS ARRIVED

Following 6 months of searching and deliberation, the All Africa Business Leaders Awards in Partnership with CNBC Africa will reveal the 2015 shortlist of finalists for East, West and Southern Africa. Now in its fifth year, the All Africa Business Leaders Awards in Partnership with CNBC Africa recognises trailblazers and change makers of the continent, shaping the future of Africa through their bold leadership and unwavering character. Who will represent their region and take Africa's most coveted business award?

**WATCH THE OFFICIAL FINALISTS ANNOUNCEMENT
LIVE ON CNBC AFRICA, DSTV CHANNEL 410**

3 SEPTEMBER 2015 AT 19H30 CAT

Finale Host Sponsor
Bakagla Ba Kgafela



Industrialist of the Year Category: Southern & Finale
Presented By



Supported by



Magazine Partner



Newspaper Partner



Vehicle Partner



Southern Africa
Research Partner



West Africa
Research Partner



East Africa
Research Partner




East Africa
Airline Partner



#FirstInClass



First in Business Worldwide.

Visit: www.cnbc africa.com Follow  @cnbc africa

AN **ABN** COMPANY

THOMSON REUTERS™

Strategic Partner of CNBC AFRICA across Africa